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Attorney for Platinum Loan Servicing, Inc.

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

In re
FRE 355 Investment Group, LLC,

Debtor.

Case No.: 20-50628 SLJ 11
Cases Jointly Administered
Chapter 11
Case No.: 20-50631 SLJ 11
R.S. No.: LRL-001

In re
Mora House, LLC,

Debtor.

**REQUEST FOR JUDICIAL NOTICE IN
SUPPORT OF MOTION FOR RELIEF
FROM STAY**

Date: August 11, 2020
Time: 11:00 a.m.
Place: Courtroom 9 (Telephonic)
US Bankruptcy Court; Judge Johnson
280 South First Street
San Jose, California 95113

Platinum Loan Servicing, Inc. ("PLS") as servicing agent for the beneficiaries of the mortgages on the real property owned by FRE 355 dba FRE 355 Investment Group, LLC ("FRE 355") and Mora House, LLC ("Mora House") (FRE 355 and Mora House are collectively referred to as "Debtors"), herein requests that the Court take judicial notice pursuant to Federal Rules of Evidence 201 of the following Court file documents in support of PLS's concurrently filed motion for relief from stay.

1 Copies of the following documents are attached hereto as exhibits as follows:

2 Exhibit 1: Voluntary Petition (first 2 pages) for each Debtors' case [ECF # 1];

3 Exhibit 2: Disclosure Statement for Debtors' Plan of Reorganization (July 10, 2020)
4 [ECF # 65];

5 Exhibit 3: Debtors' Plan of Reorganization (July 10, 2020) [ECF # 64];

6 Exhibit 4: June 2020 Chapter 11 Monthly Operating Report - FRE 355 [ECF # 67] and
7 Mora House [ECF # 33] (without exhibits thereto).

8 Exhibit 5: Blanchard proof of claim # 3 in Mora House (without exhibits thereto).

9 Exhibit 6: County of Santa Clara tax claim # 1 in FRE 355 (without exhibits thereto).

10 Exhibit 7: County of Santa Clara tax claim # 2 in Mora House (without exhibits thereto).

11 Dated: July 28, 2020

Lewis R. Landau
Attorney-at-Law

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By: /s/ Lewis R. Landau
Lewis R. Landau
Attorneys for Movant

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EXHIBIT 1

Fill in this information to identify your case:

United States Bankruptcy Court for the:

NORTHERN DISTRICT OF CALIFORNIA

Case number (if known) _____

Chapter 11

☐ Check if this an amended filing

Official Form 201

Voluntary Petition for Non-Individuals Filing for Bankruptcy

04/20

If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and the case number (if known). For more information, a separate document, *Instructions for Bankruptcy Forms for Non-Individuals*, is available.

1. Debtor's name FRE 355 Investment Group, LLC

2. All other names debtor used in the last 8 years

Include any assumed names, trade names and doing business as names

DBA FRE 355

3. Debtor's federal Employer Identification Number (EIN) 45-0508466

4. Debtor's address Principal place of business

10700 Mora Drive
Los Altos, CA 94024

Number, Street, City, State & ZIP Code

Santa Clara
County

Mailing address, if different from principal place of business

P. O. Box 3156
Los Altos, CA 94024

P.O. Box, Number, Street, City, State & ZIP Code

Location of principal assets, if different from principal place of business

Number, Street, City, State & ZIP Code

5. Debtor's website (URL) _____

6. Type of debtor

☒ Corporation (including Limited Liability Company (LLC) and Limited Liability Partnership (LLP))

☐ Partnership (excluding LLP)

☐ Other. Specify: _____

Name _____

7. Describe debtor's business A. Check one:

- ☐ Health Care Business (as defined in 11 U.S.C. § 101(27A))
- ☒ Single Asset Real Estate (as defined in 11 U.S.C. § 101(51B))
- ☐ Railroad (as defined in 11 U.S.C. § 101(44))
- ☐ Stockbroker (as defined in 11 U.S.C. § 101(53A))
- ☐ Commodity Broker (as defined in 11 U.S.C. § 101(6))
- ☐ Clearing Bank (as defined in 11 U.S.C. § 781(3))
- ☐ None of the above

B. Check all that apply

- ☐ Tax-exempt entity (as described in 26 U.S.C. § 501)
- ☐ Investment company, including hedge fund or pooled investment vehicle (as defined in 15 U.S.C. § 80a-3)
- ☐ Investment advisor (as defined in 15 U.S.C. § 80b-2(a)(11))

C. NAICS (North American Industry Classification System) 4-digit code that best describes debtor.
See <http://www.uscourts.gov/four-digit-national-association-naics-codes>.

8. Under which chapter of the Bankruptcy Code is the debtor filing? Check one:

- ☐ Chapter 7
- ☐ Chapter 9

☒ Chapter 11. Check all that apply:

A debtor who is a "small business debtor" must check the first sub-box. A debtor as defined in § 1182(1) who elects to proceed under subchapter V of chapter 11 (whether or not the debtor is a "small business debtor") must check the second sub-box.

- ☐ The debtor is a small business debtor as defined in 11 U.S.C. § 101(51D), and its aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,725,625. If this sub-box is selected, attach the most recent balance sheet, statement of operations, cash-flow statement, and federal income tax return or if any of these documents do not exist, follow the procedure in 11 U.S.C. § 1116(1)(B).
- ☐ The debtor is a debtor as defined in 11 U.S.C. § 1182(1), its aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$7,500,000, and it chooses to proceed under Subchapter V of Chapter 11. If this sub-box is selected, attach the most recent balance sheet, statement of operations, cash-flow statement, and federal income tax return, or if any of these documents do not exist, follow the procedure in 11 U.S.C. § 1116(1)(B).
- ☐ A plan is being filed with this petition.
- ☐ Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).
- ☐ The debtor is required to file periodic reports (for example, 10K and 10Q) with the Securities and Exchange Commission according to § 13 or 15(d) of the Securities Exchange Act of 1934. File the Attachment to Voluntary Petition for Non-Individuals Filing for Bankruptcy under Chapter 11 (Official Form 201A) with this form.
- ☐ The debtor is a shell company as defined in the Securities Exchange Act of 1934 Rule 12b-2.

☐ Chapter 12**9. Were prior bankruptcy cases filed by or against the debtor within the last 8 years?**

- ☒ No.
- ☐ Yes.

If more than 2 cases, attach a separate list.

District _____	When _____	Case number _____
District _____	When _____	Case number _____

10. Are any bankruptcy cases pending or being filed by a business partner or an affiliate of the debtor?

- ☒ No.
- ☐ Yes.

List all cases. If more than 1, attach a separate list

Debtor _____	Relationship _____
District _____	When _____
	Case number, if known _____

Fill in this information to identify your case:

United States Bankruptcy Court for the:

NORTHERN DISTRICT OF CALIFORNIA

Case number (if known) Chapter 11

☐ Check if this an amended filing

Official Form 201

Voluntary Petition for Non-Individuals Filing for Bankruptcy

04/20

If more space is needed, attach a separate sheet to this form. On the top of any additional pages, write the debtor's name and the case number (if known). For more information, a separate document, *Instructions for Bankruptcy Forms for Non-Individuals*, is available.

1. Debtor's name Mora House, LLC

2. All other names debtor used in the last 8 years

Include any assumed names, trade names and doing business as names

3. Debtor's federal Employer Identification Number (EIN) 81-4644573

4. Debtor's address Principal place of business Mailing address, if different from principal place of business

10700 Mora Drive
Los Altos, CA 94024

Number, Street, City, State & ZIP Code

Santa Clara
County

P. O. Box 3156
Los Altos, CA 94024

P.O. Box, Number, Street, City, State & ZIP Code

Location of principal assets, if different from principal place of business

Number, Street, City, State & ZIP Code

5. Debtor's website (URL)

6. Type of debtor

☒ Corporation (including Limited Liability Company (LLC) and Limited Liability Partnership (LLP))

☐ Partnership (excluding LLP)

☐ Other. Specify:

7. Describe debtor's business

A. Check one:

- ☐ Health Care Business (as defined in 11 U.S.C. § 101(27A))
- ☒ Single Asset Real Estate (as defined in 11 U.S.C. § 101(51B))
- ☐ Railroad (as defined in 11 U.S.C. § 101(44))
- ☐ Stockbroker (as defined in 11 U.S.C. § 101(53A))
- ☐ Commodity Broker (as defined in 11 U.S.C. § 101(6))
- ☐ Clearing Bank (as defined in 11 U.S.C. § 781(3))
- ☐ None of the above

B. Check all that apply

- ☐ Tax-exempt entity (as described in 26 U.S.C. §501)
- ☐ Investment company, including hedge fund or pooled investment vehicle (as defined in 15 U.S.C. §80a-3)
- ☐ Investment advisor (as defined in 15 U.S.C. §80b-2(a)(11))

C. NAICS (North American Industry Classification System) 4-digit code that best describes debtor.
See <http://www.uscourts.gov/four-digit-national-association-naics-codes>.

8. Under which chapter of the Bankruptcy Code is the debtor filing?

Check one:

- ☐ Chapter 7
- ☐ Chapter 9

☒ Chapter 11. Check **all** that apply:

A debtor who is a "small business debtor" must check the first sub-box. A debtor as defined in § 1182(1) who elects to proceed under subchapter V of chapter 11 (whether or not the debtor is a "small business debtor") must check the second sub-box.

- ☐ The debtor is a small business debtor as defined in 11 U.S.C. § 101(51D), and its aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,725,625. If this sub-box is selected, attach the most recent balance sheet, statement of operations, cash-flow statement, and federal income tax return or if any of these documents do not exist, follow the procedure in 11 U.S.C. § 1116(1)(B).
- ☐ The debtor is a debtor as defined in 11 U.S.C. § 1182(1), its aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$7,500,000, **and it chooses to proceed under Subchapter V of Chapter 11**. If this sub-box is selected, attach the most recent balance sheet, statement of operations, cash-flow statement, and federal income tax return, or if any of these documents do not exist, follow the procedure in 11 U.S.C. § 1116(1)(B).
- ☐ A plan is being filed with this petition.
- ☐ Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).
- ☐ The debtor is required to file periodic reports (for example, 10K and 10Q) with the Securities and Exchange Commission according to § 13 or 15(d) of the Securities Exchange Act of 1934. File the *Attachment to Voluntary Petition for Non-Individuals Filing for Bankruptcy under Chapter 11* (Official Form 201A) with this form.
- ☐ The debtor is a shell company as defined in the Securities Exchange Act of 1934 Rule 12b-2.

☐ Chapter 12

9. Were prior bankruptcy cases filed by or against the debtor within the last 8 years?

- ☒ No.
- ☐ Yes.

If more than 2 cases, attach a separate list.

District	_____	When	_____	Case number	_____
District	_____	When	_____	Case number	_____

10. Are any bankruptcy cases pending or being filed by a business partner or an affiliate of the debtor?

- ☒ No
- ☐ Yes.

List all cases. If more than 1, attach a separate list

Debtor	_____	Relationship	_____
District	_____	When	_____
		Case number, if known	_____

EXHIBIT 2

1 Michael W. Malter, Esq. ID #96533
Robert G. Harris, Esq. ID #124678
2 Julie H. Rome-Banks, Esq. ID #142364
Binder & Malter, LLP
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Email: Rob@bindermalter.com
6 Email: Julie@bindermalter.com

7 Attorneys for Debtors and Debtors-in-possession
FRE 355 Investment Group, LLC and Mora House, LLC
8

9 **UNITED STATES BANKRUPTCY COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA, DIVISION 5**
11

12 In re:

13 FRE 355 INVESTMENT GROUP, LLC, dba
14 FRE 355,
15 Debtor.

Case No. 20-50628-SLJ

Cases Jointly Administered

Chapter 11

16 In re

17 MORA HOUSE, LLC,
18 Debtor.

Case No. 20-50631-SLJ

Chapter 11

19 DISCLOSURE HEARING:

20 Date: September 3, 2020

21 Time: 1:30 p.m.

Courtroom: 11 (telephonic)
22

23 **DISCLOSURE STATEMENT FOR DEBTORS' PLAN OF REORGANIZATION**
24 **(JULY 10, 2020)**
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DISCLOSURE STATEMENT FOR DEBTORS' PLAN OF REORGANIZATION (JULY 10, 2020)

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I. INTRODUCTION

THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE UNITED STATES BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION UNDER BANKRUPTCY CODE SECTION 1125 FOR SOLICITATION OF ACCEPTANCES THEREOF. DISTRIBUTION OF THIS DISCLOSURE STATEMENT TO CREDITORS IS AUTHORIZED BY THE ENCLOSED ORDER OF THE COURT.

This Disclosure Statement (the “Disclosure Statement”) contains information with respect to the Debtors’ Chapter 11 Plan (July 10, 2020) (the “Plan”) filed by debtors and debtors-in-possession FRE 355 Investment Group, LLC, dba FRE 355 and Mora House, LLC (collectively, the “Debtors”). Pursuant to section 1125 of the Bankruptcy Code, this Disclosure Statement is being distributed to you for the purpose of enabling you to make an informed judgment about the Plan.

Your vote on the Plan is important. For the Plan to be accepted by a class of claims, the holders of two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of allowed claims in such class who vote on the Plan must vote to accept it.

Non-acceptance of the Plan may lead to a liquidation of the Debtors and their assets under chapter 7 of the Bankruptcy Code or to the confirmation of another plan. These alternatives may not provide for a distribution of as much value to holders of allowed claims and interests as the Plan. Accordingly, the Debtors urge you to accept the Plan by completing and returning the enclosed ballot no later than October __, 2020.

II. SUMMARY OF CREDITOR TREATMENT IN PLAN

A. Plan Overview.

The Debtors will advertise, market and close sales of the Mora House and Mora Lot within 6 months after the Effective Date of the Plan, the Initial Marketing Period, to pay secured claimants of both properties in full and to pay a projected dividend of 9.15% to unsecured claimants. If S&R receives a \$500,000 principal paydown under the Addendum to Promissory Note then (1) S&R shall release its lien against the Mora Lot, and (2) the Debtors shall have the Extended Marketing Period of six additional months to close sales of the Mora House and Mora Lot. The

Blanchard Trust shall retain without modification the right to advance \$500,000 under the Addendum to Promissory Note to cause the release of the S&R lien from the Mora Lot.

B. Summary of Plan Treatment by Class.

The treatment¹ of each class of creditors under the Plan is summarized as follows

Class	Claimant(s)	Claim Amount	Treatment	Impairment/ Voting
Unclassified	Tax claims entitled to priority under Bankruptcy Code section 507(a)(8)	\$3,442.75	Will receive equal payments of \$60 per month until sales of the Mora House and Mora Lot close, at which time the balance of FTB's priority tax claim will be paid in full with statutory interest.	Unimpaired Not entitled to vote
Unclassified	Estate Professionals	\$20,000	Will receive pay 100% of allowed amounts of claims without interest in cash on the Effective Date unless the holder of the claim otherwise agrees.	Unimpaired and not entitled to vote
Class 1A	Blanchard Trust	\$2,441,801.23	Retains lien against the Mora Lot. Will receive a single payment equal to the allowed amount of its claim with contract rate interest and reasonable attorneys' fees six months after the Effective Date or at such time that the Mora House is sold, whichever is sooner. If S&R receives a \$500,000 principal paydown under the Addendum to Promissory Note then the Debtors shall have the Extended Marketing Period of to sell the Mora House and Mora Lot and six additional months to pay the Blanchard Trust's Class 1A claim. Blanchard Trust shall retain without modification the right to advance \$500,000 under the Addendum to Promissory Note to cause the release of the S&R lien from the Mora Lot.	Impaired and entitled to vote

¹ The Plan's language controls in the event of any conflict or ambiguity.

Class 1B	S&R	\$12,113,909.20	<p>Retains lien against the Mora Lot.</p> <p>Will receive a single payment equal to the allowed amount of its claim with contract rate interest and reasonable attorneys' fees six months after the Effective Date or at such time that the Mora Lot is sold, whichever is sooner.</p> <p>If S&R receives a \$500,000 principal paydown under the Addendum to Promissory Note then the Debtors shall have the Extended Marketing Period to sell the Mora House and Mora Lot and six additional months to pay S&R's Class 1B claim.</p>	Impaired and entitled to vote
Class 1C	Department of Tax & Collections	\$255,300.00	<p>Retains lien against the Mora Lot.</p> <p>Will receive a single payment equal to the allowed amount of its claim with statutory interest six months after the Effective Date or at such time that the Mora Lot is sold, whichever is sooner.</p> <p>If S&R receives a \$500,000 principal paydown under the Addendum to Promissory Note then the Debtors shall have the Extended Marketing Period to sell the Mora House and Mora Lot and six additional months and to pay the Department of Tax & Collections' Class 1C claim</p>	Impaired and entitled to vote
Class 2A	S&R	\$12,113,909.20	<p>Retains lien against the Mora House.</p> <p>Will receive a single payment equal to the allowed amount of its claim with contract rate interest and reasonable attorneys' fees six months after the Effective Date or at such time that the Mora House is sold, whichever is sooner.</p> <p>If S&R receives a \$500,000 principal paydown under the Addendum to Promissory Note then the Debtors shall have the Extended Marketing Period to sell the Mora House and Mora Lot and six additional months to pay S&R's Class 2A claim.</p>	Impaired and entitled to vote

Class 2B	Department of Tax & Collections	\$116,838	Retains lien against the Mora House. Will receive a single payment equal to the allowed amount of its claim with statutory rate interest six months after the Effective Date or at such time that the Mora House is sold, whichever is sooner. If S&R receives a \$500,000 principal paydown under the Addendum to Promissory Note then the Debtors shall have the Extended Marketing Period to sell the Mora House and Mora Lot and six additional months to pay the Class 2B claim of the Department of Tax & Collections.	Impaired and entitled to vote
Class 2C	EPS Plumbing	\$27,000.00	Retains lien against the Mora House. Will receive a single payment equal to the allowed amount of its claim with contract rate interest six months after the Effective Date or at such time that the Mora House is sold, whichever is sooner. If S&R receives a \$500,000 principal paydown under the Addendum to Promissory Note then the Debtors shall have the Extended Marketing Period to sell the Mora House and Mora Lot and six additional months to pay the Class 2B claim of EPS Plumbing.	Impaired and entitled to vote
Class 3A	General Unsecured Claims of FRE 355	\$4,165,014.69	Will receive payment of the allowed amount of their claims, without interest, from the net proceeds from sale of the Mora House after the full payment of all secured and priority claims six months after the Effective Date, unless S&R receives a \$500,000 principal paydown under the Addendum to Promissory Note, in which case payment shall be made twelve months after the Effective Date or at such time that the Mora House and Mora Lot are sold, whichever is sooner	Impaired and entitled to vote
Class 3B	General Unsecured Claims of Mora House LLC	\$25,663.49	Will receive a pro rata distribution on the allowed amount of their claims, without interest, from the net proceeds from sale of the Mora Lot after the full payment of all secured and priority claims.	Impaired and entitled to vote

			Payment shall be made six months after the Effective Date, unless S&R receives a \$500,000 principal paydown under the Addendum to Promissory Note, in which case payment shall be made twelve months after the Effective Date or at such time that the Mora House and Mora Lot are sold, whichever is sooner.	
Class 4A	Equity Interests in FRE 355	N/A	Interests to be retained	No
Class 4B	Equity Interests in Mora House LLC	N/A	Interests to retained	No

III. VOTING PROCEDURES

A. Impairment.

If you hold a claim that is impaired and classified, and listed in the column of the table above you will receive a ballot and may vote on the Plan. "Impairment" means that your legal, equitable, or contractual rights are altered by the Plan or that you will not be paid in cash in full with interest as set forth below on the Effective Date. Holders of claims that are not impaired under the Plan are deemed to accept it.

B. Cramdown (Procedure Absent Acceptance by All Classes).

Bankruptcy Code section 1129(b) provides that, if the Plan is rejected by one or more impaired classes of claims, it may be confirmed by the Bankruptcy Court, if: (i) the Court determines that the Plan does not discriminate unfairly and is fair and equitable with respect to the rejecting class(es) of claims impaired under the Plan; and (ii) at least one class of impaired claims voted to accept the Plan. The Debtors will seek to confirm the Plan under this provision if one or more impaired classes do not vote to accept.

C. Submission of Votes.

A vote for acceptance or rejection of the Plan may be cast by completing and signing the ballot enclosed herewith and mailing it to:

///

Robert G. Harris, Esq.
Binder & Malter, LLP
2775 Park Avenue
Santa Clara, CA 95050

Only the Ballot should be mailed. For your vote to be counted, your completed ballot must be received no later than October __, 2020 by 5:00 p.m., prevailing Pacific Time. Upon confirmation, the Plan will be binding on all creditors regardless of whether a creditor has voted in favor of or rejected the Plan.

IV. HISTORY OF THE DEBTORS

A. The Debtors' Businesses.

The Debtors are limited liability companies formed to own, develop and sell individual parcels of real property. Melvin Vaughn is the managing member and sole owner of the Debtors.

The principal asset of FRE 355 is the Mora House, a newly-constructed single family dwelling located at 10718 Mora Hills Drive, Los Altos Hills, California. The Mora House has 6 bedrooms, 8 full bathrooms, 3 half bathrooms, a 4-car garage and is 9,677 square feet. The lot upon which the Mora House sits is approximately 1.24 acres in the Los Altos Hills with jaw dropping views of the San Francisco Bay, East Bay mountains and Silicon Valley, including the adjacent 4,000-acre Rancho San Antonio Open Space Reserve. Construction of the home, which is in a modern style, was completed in approximately early 2018. The Mora House has been actively marketed for sale since April 2018 with a current list price of \$14,999,999.

The sole asset of Mora House, LLC is the Mora Lot, an undeveloped parcel lot of approximately 1.47 acres located immediately adjacent to the Mora House. The Mora Lot has been marketed concurrently with the Mora House under a separate listing agreement because ownership of the Mora Lot, and its continued preservation as undeveloped property, preserves the unobstructed views from the new home. The Mora Lot is currently listed for sale at \$4,000,000. Access to the Mora House and Mora Lot is by a common driveway.

Both the Mora House and the Mora Lot are encumbered by the secured debt of S&R. S&R holds a first position deed of trust on the Mora House in the scheduled amount of \$12,113,909.20

1 including interest and foreclosure fees. The debt owed to S&R is cross-collateralized by a second
2 deed of trust on the Mora Lot.

3 The Blanchard Trust holds a senior deed of trust against the Mora Lot alone in the amount of
4 \$2,441,801.23.

5 FRE 355 and S&R are parties to an Addendum to Promissory Note Loan #10536 dated
6 December 11, 2018, which granted S&R an additional deed of trust collateralized by the Mora Lot
7 and provides that “Lender shall release the real property interest in said property for a principal
8 reduction of Five Hundred Thousand dollars (\$500,000).”

9 **B. Events Leading to Bankruptcy.**

10 The loan from S&R was originally in the amount of \$10,937,000 and was made on or about
11 March 29, 2018. The loan matured on May 1, 2019. Five (5) interest only payments were made to
12 S&R by FRE 355 pursuant to the terms of its promissory note before the loan matured.

13 The loan from S&R was originally in the amount of \$10,937,000 and was made on or about
14 March 29, 2018. The loan matured on May 1, 2019. FRE made five interest only payments to S&R
15 on its promissory note before the loan matured. Upon maturity, neither Debtor had located a buyer
16 for its respective real property². S&R recorded notices of defaults on both properties with trustee’s
17 sales initially set for July 31, 2019 as to FRE 355 and August 21, 2019 as to Mora House LLC.

18 Following the maturation of S&R’s loan and scheduled trustee’s sales, Mr. Vaughn entered
19 into a series of verbal agreements with S&R on behalf of the Debtors. Mr. Vaughn personally
20 advanced unsecured loans to FRE 355 and used limited rents from a holiday rental in order to make
21 additional interest only forbearance payments to S&R beginning in August 2019 of \$91,141.67
22 approximately each month. S&R postponed the trustee’s sales while the Debtors continued to
23 actively market and show the Mora House and Mora Lot with the assistance of a real estate broker.
24 Continuances of the trustee’s sales were granted monthly upon additional payment to S&R. Mr.

25
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² There had been sale contracts on both properties entered into in early March 2020 that
27 would have been sufficient to pay all secured and unsecured debt in both cases in full and provide
28 Mr. Vaughn with a return on his equity. However, it was cancelled pre-petition by the buyer, an
individual from China, as a result of the pandemic.

1 Vaughn estimates that he has contributed approximately \$3.1 million of his own funds into the
2 development, construction and carrying costs of the Mora House and Mora Lot since 2007
3 principally in the form of unsecured loans.

4 The trustee's sale of the property owned by FRE 355 was continued to April 13, 2020 at
5 10:00 a.m., and the trustee's sale of the undeveloped lot owed by Mora House, LLC was continued
6 to April 15, 2020 at 10:00 a.m. Less than an hour prior to the sale time, Mr. Vaughn was informed
7 that S&R refused to honor an agreement for another month of forbearance, refused to accept
8 payment, and would not continue the trustee's sale on the Mora House.

9 The Debtors commenced the filing of these bankruptcy cases by initially filing a voluntary
10 petition with the Bankruptcy Court, first on April 13, 2020 on behalf of FRE 355 to prevent the
11 trustee's foreclosure sale of the Mora House and second, by filing a voluntary petition on April 14,
12 2020 on behalf of Mora House, LLC to prevent the trustee's foreclosure sale of the Mora Lot.

13 V. SIGNIFICANT EVENTS DURING THE CHAPTER 11 CASE

14 Appointment of Professionals:

15 Both Debtors applied for appointment of accountant Alan R. David to assist in the
16 preparation of required State income tax returns and to provide guidance on any required capital
17 gains analysis. The Court entered the Order Appointing Accountant for Debtors [Dkt. #51] on May
18 29, 2020.

19 Both Debtors applied for appointment of a real estate broker. The Court entered the
20 Order Granting Application for Approval of Listing Agreement for Sale of Property of The Estate
21 and Appointment of Real Estate Broker [Dkt. #58] on June 16, 2020.

22 Both Debtors applied for the appointment of Binder & Malter, LLP as their bankruptcy
23 counsel. After contested hearings held on May 27, 2020 and June 20, 2020, employment was
24 approved. The Court's Amended Order Granting Amended Motion for Employment and For
25 Approval of Post-Petition Retainer [Dkt. #63] was entered on June 28, 2020.

26 Post-Petition Operations: The Mora House has not been rented since the commencement of
27 these cases, and no cash collateral has been generated. The limited costs of operations are utilities
28 which are in Mr. Vaughn's personal name, routine maintenance such as landscaping, pool care, and

insurance. Mr. Vaughn continues to advance these limited costs each month along with quarterly U.S. Trustee fees as an unsecured loan to the Debtors, as was his custom and practice pre-petition.

Attendance at 341 Meetings and Initial Debtor Interviews: Both Debtors have completed their initial debtor interview, held jointly by the United States Trustee. Both Debtors have individually appeared at their Section 341 meetings of creditors which were both concluded.

Monthly Operating Reports and DIP Accounts: The Debtors are current in the filing of their monthly operating reports. The May, 2020 reports for each Debtor are attached hereto as Exhibits “A” and “B”.

VI. ASSETS

A. Listed Assets and Values.

The Debtors listed the following assets in its most recent Monthly Operating Reports to the Bankruptcy Court for the period ending May 31, 2020:

Description	Value
Cash – DIP Accounts	\$267
Professional Retainers	\$37,149 + \$19,016 = \$56,165
Mora House	\$14,999,000
Mora Lot	\$4,000,000
Total assets	\$19,055,432

VII. FEASIBILITY

The Bankruptcy Code requires as a condition to the Plan’s confirmation that the Bankruptcy Court find that liquidation of the Debtors or the need for further reorganization is not likely to follow after confirmation. In order to prove feasibility, the Debtors are required therefore to set forth their Effective Date and other priority payments and show that they have adequate cash to pay them when due. This involves a two-step analysis: first, the Debtors will set forth their analysis of the proceeds from sale of the Mora House and Mora Lot.

As set forth in Exhibit “C” hereto, the Debtors assume that the Mora House and Mora Lot will sell for list prices, \$14,999,000 and \$4,000,000, respectively. The combined tax basis for the

1 two properties is \$17,433,065. Assuming sale expenses of 7% (\$1,225,000), the Debtors would
2 generate a loss of \$1,158,065 on the sale, meaning no Federal or State capital gains taxes would be
3 payable. \$16,275,000 would be available to pay claims after costs of sale.

4 Payment from escrow of the secured claims set forth in Classes 1A-2C listed above will
5 leave \$430,606 in net proceeds for distribution to creditors.

6 In addition, to the extent there are ongoing costs of operations such as payment of insurance
7 and quarterly U.S. Trustee fees to be paid by the Debtors, as well as monthly payment of the priority
8 tax claim of the Franchise Tax Board (until paid in full at the time of sale of the Mora House
9 property as described earlier), the Debtors may continue to receive unsecured loans or equity
10 contributions by their sole member, Melvin Vaughn, to enable the Debtors to make those required
11 payments.

12 **VIII. ALTERNATIVES TO THE PLAN OF REORGANIZATION**

13 The Debtors believe that the Plan provides creditors with the greatest value that can be
14 obtained on their respective claims. The most likely alternative to confirmation of the Plan is
15 liquidation of the estates under chapter 7 of the Bankruptcy Code.

16 **A. Best Interest of Creditors Test**

17 The “best interest” test of Bankruptcy Code section 1129(a)(7)(A)(ii) requires that a plan
18 provide to each dissenting member of each impaired class a recovery that has a present value at least
19 equal to the present value of the distribution that unsecured creditors would receive if the
20 bankruptcy estate were liquidated under chapter 7 of the Bankruptcy Code.

21 **B. Liquidation under Chapter 7**

22 When a chapter 11 case is converted to a case under chapter 7 of the Bankruptcy Code, a
23 chapter 7 trustee is appointed to conduct the affairs of the estate. In applying the liquidation test of
24 Bankruptcy Code section 1129(a)(7)(A)(ii), the court must consider not only the accrued expenses
25 of administration from the chapter 11, but the chapter 7 trustee’s fees and expenses, and the fees and
26 expenses of professionals likely to be retained by that trustee. Generally, no distribution is made in
27 a chapter 7 case until all assets of the bankruptcy estate and all claims have been liquidated, a
28 process that can often take many months and sometimes years. Most importantly, a chapter 7

trustee does not operate the business over which he or she takes control except in very rare circumstances.

C. Assertion of All Claims Yields A Chapter 7 Dividend Smaller Than the Dividend that the Plan Provides

As set forth above, sales of the Mora House and Mora Lot if closed within the Initial Marketing Period or Extended Marketing Period would leave \$430,606 in net proceeds for distribution to unsecured creditors in Classes 3A and 3B. Subtracting the \$25,663.49 for Class 3A leaves \$404,942.51 for distribution to creditors. Even if the two properties could be sold for list price, a Chapter 7 would yield less than the projected Chapter 11 dividend. The following table illustrates why:

Cash at closing	\$6,275,000
Less Secured Claims	\$15,870,057.49
Subtotal – Net Unencumbered Asset Value	\$404,942.51
Chapter 11 Administrative Claims	[\$20,000]
Priority Tax Claim	[\$3,442.75]
Projected Chapter 7 Trustee Fees	[\$10,400]
Chapter 7 Trustee's Professionals	[\$25,000]
NET FUNDS AVAILABLE FOR DISTRIBUTION TO UNSECURED CREDITORS IN CHAPTER 7	\$346,099.76
<i>Percent Distribution to Holders of Allowed Unsecured Creditors in Chapter 7</i>	8.3%
NET FUNDS AVAILABLE FOR DISTRIBUTION TO UNSECURED CREDITORS IN CHAPTER 11	\$381,100.01
<i>Percent Distribution to Non-Insider Unsecured Creditors Under Plan</i>	9.15%

IV. OTHER RELEVANT PLAN PROVISIONS

A. Executory Contracts.

1. Assumption and Rejection

i. Contract Assumed.

The Debtors assume, to the extent it is necessary, the Addendum to Promissory Note.

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1 **ii. Rejection of All Other Contracts Not Assumed.**

2 All other executory contracts not (a) previously assumed, assigned or rejected pursuant to
3 final order of the Bankruptcy Court entered prior to the Effective Date, or (b) not subject to a
4 pending motion to assume, assign or reject filed with the Bankruptcy Court prior to the Effective
5 Date, will be deemed rejected as of the Effective Date.

6 **iii. Claims Arising Out of Rejection.**

7 Any claims arising out of the rejection of an executory contract or unexpired lease pursuant
8 to the Plan must be filed with the Bankruptcy Court by no later than 30 calendar days after the
9 confirmation of the Plan. If no proof of claim is filed within such time period, it will be forever
10 barred from receiving a distribution from estate assets.

11 **B. Means of Execution.**

12 **1. Reorganized Debtors.**

13 The Debtors, as the Reorganized Debtors shall, from and after confirmation of the Plan,
14 continue as the representatives of their respective estates and succeed without further order to all
15 right, title and interest in all estate assets and property pursuant to the terms of the Plan. The
16 Debtors will be authorized and empowered to take all actions and measures necessary to implement
17 and administer the Plan. The Debtors will conduct their business and operate from confirmation and
18 through and after substantial consummation of the Plan.

19 **2. Marketing and Sale of Mora House and Mora Lot.**

20 The Debtors will advertise, show, market and sell the Mora House and Mora Lot and close
21 sales thereof in the Initial Marketing Period, within 6 months of the Effective Date; provided
22 however that if S&R receives a \$500,000 principal paydown under the Addendum to Promissory
23 Note, the Debtors will have 6 more months to close sales of both the Mora House and Mora Lot
24 within the Extended Marketing Period. The Debtor's court-approved real estate broker, Phil Chen
25 of Sybarite Luxury Real Estate has developed an advanced strategy to close a sale of the Mora
26 House and Mora Lot within these Marketing Periods. The marketing brochure and kit setting forth
27 the strategy, plan and timing is attached hereto as Exhibit "D".

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1 **3. Effect of Failure to Close Sale.**

2 In the event that sales of the Mora House and Mora Lot have not closed within Initial
3 Marketing Period or the Extended Marketing Period in the event that the Addendum to Promissory
4 Note has resulted in payment of \$500,000 to S&R and release of its lien from the Mora Lot, all
5 holders of secured claims shall have immediate relief to exercise their rights and foreclose their liens
6 against their respective collateral without further order of the Bankruptcy Court. Any party may,
7 following failure by the Debtors to close a sale of one or both of the Mora House and Mora Lot
8 within the periods set forth above, request conversion of these bankruptcy cases to Chapter 7 by
9 filing an explanatory declaration with the Bankruptcy Court, uploading a proposed form of order,
10 and serving both with 10 days' notice and opportunity for hearing.

11 **4. Effective Date Distribution.**

12 The Debtors will pay holders of allowed professional administrative expense claims in cash
13 on the Effective Date Distribution or at such later dates as the Court approves unless they agree to a
14 different treatment.

15 **5. Funding and Operation of Disputed Claims Reserve.**

16 The Reorganized Debtors will create the Disputed Claims Reserve by establishing at the
17 time of closing of sale of the Mora House and Mora Lot a separate bank account and depositing into
18 it cash equal to the face amount of all claims that are disputed, contingent or unliquidated. No
19 deposit is required for a claim as to which an order disallowing the claim has been entered. A
20 deposit is only required up to the amount at which a claim has been estimated should Debtors seek
21 and obtain an order of the bankruptcy court for estimation of a disputed claim. If a disputed claim
22 becomes an allowed claim, the Reorganized Debtors will immediately distribute to the claimant
23 from the Disputed Claims Reserve the amount of the allowed claim that it would have been entitled
24 to receive had it been an allowed claim on the confirmation date. Any funds no longer needed in
25 reserve shall be released for use according to the terms of the Plan.

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1 **6. Powers of Reorganized Debtor.**

2 **a. Powers Generally and Power to Sue.**

3 On the Effective Date, the Reorganized Debtors will be vested with all rights and powers of
4 the Debtors under State and Federal law, including but not limited to the right to pursue all claims
5 and causes of action that the Debtors have including avoidance actions, and any other causes of
6 action, defenses, requests for subordination or recharacterization, or requests for any other equitable
7 or legal relief that was or could have been asserted pre-petition by the Debtors against any party
8 other than those which have been settled. The Reorganized Debtors may, on behalf of the Debtors,
9 pursue, settle or release all such actions in accordance with the best interest of and for the benefit of
10 the holders of allowed claims.

11 **b. Objections to and Estimation of Claims.**

12 After the Effective Date, the Reorganized Debtors may file objections to claims. As to any
13 claims arising from the rejection of an executory contract or unexpired lease pursuant to the Plan,
14 the Reorganized Debtors may object within sixty (60) calendar days of the filing of any such claims.
15 As to claims arising from the recovery of an avoidable transfer under chapter 5 of the Bankruptcy
16 Code, the Reorganized Debtors may object within sixty (60) calendar days of the filing of any such
17 claims.

18 **c. Settlements.**

19 After the Effective Date the Reorganized Debtors will have the exclusive authority to file,
20 settle, compromise, withdraw, or litigate to judgment any objections to claims, including without
21 limitation, any objections to claims filed by the Debtors prior to the Effective Date. The
22 Reorganized Debtors will provide notice and opportunity for hearing of any settlement.

23 **C. Effect of Confirmation of Plan.**

24 **1. Confirmation Injunction.**

25 On and after date of confirmation of the Plan, except to enforce the terms and conditions of
26 the Plan before the Bankruptcy Court or to implement the terms of the Plan, all persons and entities
27 who have held, hold or may hold any debt, claim, lien, encumbrance against or interest in the
28 Debtors are permanently enjoined from and after the date of entry of the order confirming the Plan

1 from: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit,
2 action or other proceeding of any kind (including, without limitation, any proceeding in a judicial,
3 arbitral, administrative or other forum) against either the Debtors, their estates, their property, or the
4 Reorganized Debtors; (b) enforcing, levying, attaching (including, without limitation, any pre-
5 judgment attachment), collecting or otherwise recovering by any manner or means whether directly
6 or indirectly, of any judgment, award, decree or order against any of the foregoing; (c) creating,
7 perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any
8 kind against any of the foregoing (d) asserting any right of setoff, subrogation, or recoupment of any
9 kind, directly or indirectly, against any obligation due; and (e) taking any actions in any place and in
10 any manner whatsoever that do not conform to or comply with the provisions of the Plan.

11 **2. Binding Effect.**

12 Except as otherwise expressly provided in the Plan, as of the Effective Date, the provisions
13 of the Plan, a confirmation order, and any associated findings of fact or conclusions of law will bind
14 the Debtor, the Reorganized Debtors, and all holders of claims and interests against the Debtors,
15 regardless of whether such holders are impaired under the Plan or voted to accept.

16 **D. Retention of Jurisdiction.**

17 The Bankruptcy Court will retain jurisdiction over the Bankruptcy Case subsequent to the
18 date of Plan confirmation to the fullest extent permitted by law, including, without limitation, for the
19 following purposes:

20 **1.** To approve any proposed sale(s) of the Mora House and Mora Lot following one or
21 more duly noticed motions including any sale free and clear of disputed liens and interests, and to
22 enter orders as may be necessary and appropriate to aid in the close of escrows;

23 **2.** To determine any and all proceedings related to allowance of claims or objections
24 thereto, including objections to classification and including, on an appropriate motion pursuant to
25 Bankruptcy Rule 3008, reconsideration of claims that have been allowed or disallowed prior to
26 confirmation;

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1 3. To hear and determine any and all applications for compensation by professionals or
2 any other fees and expenses authorized to be paid or reimbursed in accordance with the Bankruptcy
3 Code or the Plan;

4 4. To determine any and all claims or causes of action, whether pending before the
5 Bankruptcy Court at Plan confirmation or filed or instituted after that date;

6 5. To modify the Plan or the Disclosure Statement, or to remedy any defect or omission
7 or reconcile any inconsistency in any order of the Bankruptcy Court (including the confirmation
8 order) as may be necessary to carry out the purposes and effects of the Plan;

9 6. To determine disputes regarding title of the property claimed to be property of the
10 Debtors or their estates;

11 7. To ensure that distributions to holders of allowed claims are accomplished in
12 accordance with the provisions of the Plan;

13 8. To enter such orders as may be necessary to consummate and effectuate the operative
14 provisions of the Plan, including actions to enjoin enforcement of claims inconsistent with the terms
15 of the Plan;

16 9. To hear and determine disputes concerning any event of default or alleged event of
17 default under the Plan, as well as disputes concerning remedies upon any event of default under the
18 Plan;

19 10. To hear any other matter not inconsistent with Chapter 11 of the Bankruptcy Code.

20 11. To enter a final decree closing the Debtors' bankruptcy cases

21 12. To enter and implement such orders as may be appropriate in the event the
22 confirmation order is for any reason stayed, reversed, revoked or vacated;

23 13. To hear and determine such other matters as may arise in connection with the Plan,
24 the Disclosure Statement, or the confirmation order;

25 14. To hear and determine any dispute between the Reorganized Debtors and any
26 creditor or defendant or plaintiff in litigation;

27 15. To approve any post-petition retainer payments to professionals; and,

28 16. To issue temporary restraining orders and preliminary injunctions.

E. General Provisions.

1. Preservation of Causes of Action.

Any and all claims and other causes of action accruing to Debtors or estate, the right and power to object to any filed or scheduled claims, the right to pursue avoidance actions will be preserved and retained by the estate after the confirmation date, and the Reorganized Debtors on behalf of the estate will have the exclusive right and standing to enforce any such causes of action.

2. Cramdown.

Pursuant to section 1129(b) of the Bankruptcy Code, Debtors reserve the right to seek confirmation of the Plan despite the rejection of the Plan by one or more classes of creditors.

3. Notices.

Any notice to Debtors will be in writing, and will be deemed to have been given six days after the date sent by first-class mail, postage prepaid and addressed as follows:

Reorganized Debtors:

Mora House LLC
FRE 355 Investment Group, LLC
Attn: Melvin Vaughn
10700 Mora Drive, Los Altos, CA 94022
Email: c4scab@aol.com

With a copy to counsel:
Robert G. Harris, Esq.
Binder & Malter, LLP
2775 Park Avenue
Santa Clara, CA 95050
Facsimile: (408) 295-1531
Email: rob@bindermalter.com

4. Modification of Plan.

The Debtors reserve the right, in accordance with the Bankruptcy Code and Bankruptcy Rules, to amend or modify the Plan at any time prior to entry of an order confirming it. After entry of an order confirming the Plan but prior to the Effective Date, the Debtors may seek an order of the Bankruptcy Court to amend or modify the Plan in accordance with section 1127(b) of the Bankruptcy Code or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

1 After the Effective Date, the Reorganized Debtors may seek an order of the Bankruptcy
2 Court to amend or modify the Plan in accordance with section 1127(b) of the Bankruptcy Code to
3 remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be
4 necessary to carry out the purpose and intent of the Plan.

5 The holder of an allowed claim that has accepted the Plan will be deemed to have accepted
6 the Plan as modified if the modification does not materially and adversely change the treatment of
7 the holder's claim.

8 **5. Withdrawal or Revocation of Plan.**

9 The Debtors may withdraw the Plan at any time prior to its confirmation date. If the Debtors
10 withdraw the Plan prior to confirmation, or if the Plan is not confirmed, then the Plan will be
11 deemed null and void and not binding on any person or entity.

12 **6. Failure of Effective Date.**

13 In the event the Effective Date does not occur, nothing in this Plan will be binding on the
14 Debtors or any other person or entity or otherwise be of any force or effect.

15 **7. Post-Effective Date Notices.**

16 Except as otherwise provided in the Plan, upon and after the Effective Date, notices will be
17 served only on the Office of the United States Trustee, the Reorganized Debtor, and those persons
18 who file with the Bankruptcy Court and serve upon the Reorganized Debtors a request, which
19 includes the person's name, contact individual, address, telephone number and facsimile number,
20 that such Person receive notice of post-Effective Date matters. Persons who had previously filed
21 with the Bankruptcy Court requests for special notice of the proceedings and other filings in the
22 Bankruptcy Case will not receive notice of post-Effective Date matters unless such persons file a
23 new request in accordance with this Section.

24 **F. Implementation Orders.**

25 The Bankruptcy Court may, at any time, make such orders and give such directions as
26 appropriate for consummation of the Plan pursuant to Bankruptcy Code section 1142.

27
28 [Signatures on following page]

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Dated: July 10, 2020

MORA HOUSE LLC

By: /s/ Melvin Vaughn
Melvin Vaughn

Its: Managing Member

Dated: July 10, 2020

FRE INVESTMENT GROUP LLC

By: /s/ Melvin Vaughn
Melvin Vaughn

Its: Managing Member

Dated: July 10, 2020

BINDER & MALTER, LLP

By: /s/ Robert G. Harris
Robert G. Harris

Attorneys for Debtors and Debtors-in-possession
FRE 355 Investment Group, LLC and
Mora House, LLC

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA**

EXHIBIT A

In re: FRE 355 INVESTMENT GROUP, LLC, dba FRE 355

Case No. 20-50628-SLJ

**CHAPTER 11
MONTHLY OPERATING REPORT
(SMALL REAL ESTATE/INDIVIDUAL CASE)**

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: 05/31/20

PETITION DATE: 04/13/20

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).

Dollars reported in \$1

	<u>End of Current Month</u>	<u>End of Prior Month</u>	<u>As of Petition Filing</u>
2. Asset and Liability Structure			
a. Current Assets	\$37,416	\$37,146	
b. Total Assets	\$15,037,415	\$15,037,139	\$14,999,999
c. Current Liabilities	\$141,362	\$16,000	
d. Total Liabilities	\$17,437,007	\$17,311,645	\$17,295,645
			Cumulative
3. Statement of Cash Receipts & Disbursements for Month	<u>Current Month</u>	<u>Prior Month</u>	<u>(Case to Date)</u>
a. Total Receipts	\$965	\$0	\$965
b. Total Disbursements	\$688	\$1,005	\$1,020
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	\$277	(\$1,005)	(\$55)
d. Cash Balance Beginning of Month	(\$1,054)	(\$1,054)	\$0
e. Cash Balance End of Month (c + d)	(\$777)	(\$2,059)	(\$55)
			Cumulative
	<u>Current Month</u>	<u>Prior Month</u>	<u>(Case to Date)</u>
4. Profit/(Loss) from the Statement of Operations	N/A	N/A	N/A
5. Account Receivables (Pre and Post Petition)	\$0	\$0	
6. Post-Petition Liabilities	\$141,362	\$16,000	
7. Past Due Post-Petition Account Payables (over 30 days)	\$91,142	\$0	

At the end of this reporting month:

- | | <u>Yes</u> | <u>No</u> |
|--|------------|-----------|
| 8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee) | | X |
| 9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee) | | X |
| 10. If the answer is yes to 8 or 9, were all such payments approved by the court? | | X |
| 11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee) | | X |
| 12. Is the estate insured for replacement cost of assets and for general liability? | X | |
| 13. Are a plan and disclosure statement on file? | | X |
| 14. Was there any post-petition borrowing during this reporting period? | X | |
15. Check if paid: Post-petition taxes ; U.S. Trustee Quarterly Fees ; Check if filing is current for: Post-petition tax reporting and tax returns: .
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: June 22, 2020

/s/ Melvin Vaughn
Responsible Individual

BALANCE SHEET
(Small Real Estate/Individual Case)
For the Month Ended 05/31/20

EXHIBIT A

Assets	Check if Exemption Claimed on Schedule C	Market Value
Current Assets		
1 Cash and cash equivalents (including bank accts., CDs, etc.)	_____	\$267
2 Accounts receivable (net)	_____	\$0
3 Retainer(s) paid to professionals	_____	\$37,149 *
4 Other: _____	_____	\$0
5 _____	_____	_____
6 Total Current Assets		\$37,416
Long Term Assets (Market Value)		
7 Real Property (residential)	_____	\$14,999,999
8 Real property (rental or commercial)	_____	\$0
9 Furniture, Fixtures, and Equipment	_____	\$0
10 Vehicles	_____	\$0
11 Partnership interests	_____	\$0
12 Interest in corporations	_____	\$0
13 Stocks and bonds	_____	\$0
14 Interests in IRA, Keogh, other retirement plans	_____	\$0
15 Other: _____	_____	\$0
16 _____	_____	_____
17 Total Long Term Assets		\$14,999,999
18 Total Assets		\$15,037,415
Liabilities		
Post-Petition Liabilities		
Current Liabilities		
19 Post-petition not delinquent (under 30 days)	_____	\$0
20 Post-petition delinquent other than taxes (over 30 days)	_____	\$91,142
21 Post-petition delinquent taxes	_____	\$0
22 Accrued professional fees (estimated)	_____	\$50,200
23 Other: _____	_____	_____
24 Unsecured Post-Petition Borrowing Responsible Individual	_____	\$20
25 Total Current Liabilities		\$141,362
26 Long-Term Post Petition Debt		_____
27 Total Post-Petition Liabilities		\$141,362
Pre-Petition Liabilities (allowed amount)		
28 Secured claims (residence)	_____	\$12,113,909
29 Secured claims (other)	_____	\$161,475
30 Priority unsecured claims	_____	\$0
31 General unsecured claims	_____	\$5,020,262
32 Total Pre-Petition Liabilities		\$17,295,645
33 Total Liabilities		\$17,437,007
Equity (Deficit)		
34 Total Equity (Deficit)		_____
35 Total Liabilities and Equity (Deficit)		\$17,437,007

NOTE:

* The Managing Member, Melvin Vaughn, made a pre-petition loan to the Debtor in the sum of \$50,000 from funds which were derived from the sale of his 1960 Porsche. These funds were sent to Binder & Malter, LLP by wire at approximately 9:59 a.m. on April 13, 2020. The sum of \$12,851.63 was applied to pre-petition attorneys' fees and costs, leaving an initial retainer in the sum of \$37,148.37. Due to the emergency nature of the filing of this case, the retainer funds were deposited into an account held by Mora Estates 1, LLC, another company in which the Managing Member holds a 100% interest in. The initial retainer was wired directly from this account due to Mr. Vaughn's concern that the secured creditor who holds a deed of trust against the only asset of this estate was about to foreclose.

SCHEDULES TO THE BALANCE SHEET

**Schedule A
Rental Income Information**

List the Rental Information Requested Below By Properties (For Rental Properties Only)

	<u>Property 1</u>	<u>Property 2</u>	<u>Property 3</u>
1 Description of Property	0	0	0
2 Scheduled Gross Rents			
Less:			
3 Vacancy Factor			
4 Free Rent Incentives			
5 Other Adjustments			
6 Total Deductions	\$0	\$0	\$0
7 Scheduled Net Rents	\$0	\$0	\$0
8 Less: Rents Receivable (2)			
9 Scheduled Net Rents Collected (2)	\$0	\$0	\$0

(2) To be completed by cash basis reporters only.

**Schedule B
Recapitulation of Funds Held at End of Month**

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>
10 Bank	Chase		
11 Account No.	1180		
12 Account Purpose	Checking		
13 Balance, End of Month	\$267		
14 Total Funds on Hand for all Accounts	\$267		

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

EXHIBIT A**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 05/31/20

		Actual Current Month	Cumulative (Case to Date)
Cash Receipts			
1	Rent/Leases Collected	\$0	\$0
2	Cash Received from Sales	\$0	\$0
3	Interest Received	\$0	\$0
4	Borrowings - Pre-petition	\$0	\$0
5	Funds from Shareholders, Partners, or Other Insiders	\$945	\$945
6	Capital Contributions	\$0	\$0
7	Post-Petition borrowing Responsible Individual	\$20	\$20
8			
9			
10			
11			
12	Total Cash Receipts	\$965	\$965
Cash Disbursements			
13	Selling	\$0	\$0
14	Administrative	\$0	\$0
15	Insurance	\$550	\$0
16	Repairs and Maintenance	\$123	\$0
17	Interest Paid	\$0	\$0
	Rent/Lease:		
18	Personal Property	\$0	\$0
19	Real Property	\$0	\$0
	Amount Paid to Owner(s)/Officer(s)		
20	Salaries	\$0	\$0
21	Draws	\$0	\$0
22	Commissions/Royalties	\$0	\$0
23	Expense Reimbursements	\$0	\$0
24	Other	\$0	\$0
25	Salaries/Commissions (less employee withholding)	\$0	\$0
26	Management Fees	\$0	\$0
	Taxes:		
27	Employee Withholding	\$0	\$0
28	Employer Payroll Taxes	\$0	\$0
29	Real Property Taxes	\$0	\$0
30	Other Taxes	\$0	\$0
31	Other Cash Outflows:		
32	Secretary of State	\$0	\$20
33			
34	Transfer to Checking 9892 in error	\$0	\$725
35	Transfer to Checking 7223 in error	\$0	\$220
36	Bank charges	\$15	\$55
37	Total Cash Disbursements:	\$688	\$1,020
38	Net Increase (Decrease) in Cash	\$277	(\$55)
39	Cash Balance, Beginning of Period	(\$1,054)	
40	Cash Balance, End of Period	(\$777)	(\$55)



JPMorgan Chase Bank, N.A.
P O Box 182051
Columbus, OH 43218-2051

EXHIBIT A

May 01, 2020 through May 29, 2020

Account Number: [REDACTED] 1180

00019812 DRE 703 141 15120 YNNNNNNNNN T 1 000000000 64 0000

FRE 355 INVESTMENT GROUP, LLC
DEBTOR-IN-POSSESSION 20-50628
PO BOX 3156
LOS ALTOS CA 94024-0156

CUSTOMER SERVICE INFORMATION

Web site: **Chase.com**
Service Center: **1-800-242-7338**
Deaf and Hard of Hearing: **1-800-242-7383**
Para Espanol: **1-888-622-4273**
International Calls: **1-713-262-1679**



We updated the Funds Availability Policy in the Deposit Account Agreement

We increased the minimum amount of funds that we make available to you the next business day when you deposit a check. For more information, please see the Funds Availability Policy in the Deposit Account Agreement at chase.com/disclosures.

Please call the number on your statement if you have questions. We accept operator relay calls.

CHECKING SUMMARY

Chase Total Business Checking

	INSTANCES	AMOUNT
Beginning Balance		-\$9.16
Deposits and Additions	3	965.00
ATM & Debit Card Withdrawals	3	-673.66
Fees	1	-15.00
Ending Balance	7	\$267.18

DEPOSITS AND ADDITIONS

DATE	DESCRIPTION	AMOUNT
05/01	Online Transfer From Chk ...7223 Transaction#: 9541748127	\$20.00
05/22	ATM Cash Deposit 05/22 199 Main St Los Altos CA Card 4534	900.00
05/22	Online Transfer From Chk ...9892 Transaction#: 9655826769	45.00
Total Deposits and Additions		\$965.00

ATM & DEBIT CARD WITHDRAWALS

DATE	DESCRIPTION	AMOUNT
05/28	Card Purchase 05/27 State Farm Insurance 800-956-6310 IL Card 4534	\$550.25
05/28	Card Purchase With Pin 05/28 The Home Depot #6635 San Jose CA Card 4534	112.41
05/28	Card Purchase With Pin 05/28 Lucky #723.Los Los Altos CA Card 4534	11.00
Total ATM & Debit Card Withdrawals		\$673.66

ATM & DEBIT CARD SUMMARY

Melvin Vaughn Card 4534

Total ATM Withdrawals & Debits	\$0.00
Total Card Purchases	\$673.66

**EXHIBIT A**

May 01, 2020 through May 29, 2020

Account Number: [REDACTED] 1180

Total Card Deposits & Credits	\$900.00
ATM & Debit Card Totals	
Total ATM Withdrawals & Debits	\$0.00
Total Card Purchases	\$673.66
Total Card Deposits & Credits	\$900.00

FEES

DATE	DESCRIPTION	AMOUNT
05/29	Monthly Service Fee	\$15.00
Total Fees		\$15.00

You were charged a monthly service fee of \$15.00 this period. You can avoid this fee in the future by maintaining a minimum daily balance of \$1,500.00. Your minimum daily balance was -\$9.16.

DAILY ENDING BALANCE

DATE	AMOUNT
05/01	\$10.84
05/22	955.84
05/28	282.18
05/29	267.18

SERVICE CHARGE SUMMARY

TRANSACTIONS FOR SERVICE FEE CALCULATION	NUMBER OF TRANSACTIONS
Checks Paid / Debits	3
Deposits / Credits	0
Deposited Items	0
Transaction Total	3

SERVICE FEE CALCULATION	AMOUNT
Service Fee	\$15.00
Service Fee Credit	\$0.00
Net Service Fee	\$15.00
Excessive Transaction Fees (Above 100)	\$0.00
Total Service Fees	\$15.00

IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC FUNDS TRANSFERS: Call us at 1-866-564-2262 or write us at the address on the front of this statement (non-personal accounts contact Customer Service) immediately if you think your statement or receipt is incorrect or if you need more information about a transfer listed on the statement or receipt. For personal accounts only: We must hear from you no later than 60 days after we sent you the FIRST statement on which the problem or error appeared. Be prepared to give us the following information:

- Your name and account number
- The dollar amount of the suspected error
- A description of the error or transfer you are unsure of, why you believe it is an error, or why you need more information.

We will investigate your complaint and will correct any error promptly. If we take more than 10 business days (or 20 business days for new accounts) to do this, we will credit your account for the amount you think is in error so that you will have use of the money during the time it takes us to complete our investigation.

IN CASE OF ERRORS OR QUESTIONS ABOUT NON-ELECTRONIC TRANSACTIONS: Contact the bank immediately if your statement is incorrect or if you need more information about any non-electronic transactions (checks or deposits) on this statement. If any such error appears, you must notify the bank in writing no later than 30 days after the statement was made available to you. For more complete details, see the Account Rules and Regulations or other applicable account agreement that governs your account. Deposit products and services are offered by JPMorgan Chase Bank, N.A. Member FDIC



JPMorgan Chase Bank, N.A. Member FDIC

EXHIBIT A

FRE 355 Investment Group, LLC (Check Register May 1, 2020-May 29, 2020)

Date	Bank	Account	Description	Amount	Type	Category	Receipt	Notes
			Ending Balance	-9.16				
5/29/20	Chase Bank	TOTAL BUS CHK	Account Maintenance Fee	-15	Business	Other business expenses	N	
5/28/20	Chase Bank	TOTAL BUS CHK	State Farm	-550.25	Business	Homeowner/rental insurance	N	State Farm Homeowner Ins
5/28/20	Chase Bank	TOTAL BUS CHK	Home Depot	-112.41	Business	Materials & Supplies	N	Outdoor Plant Replacemen
5/28/20	Chase Bank	TOTAL BUS CHK	Lucky	-11	Business	Meals	N	Water for Open Houses
5/22/20	Chase Bank	TOTAL BUS CHK	Online Transfer Chk	45	Business	Transfer	N	Personal loan to FRE 355
5/22/20	Chase Bank	TOTAL BUS CHK	ATM Cash Deposit 199 Main Street	900	Business	Income	N	Personal Loan to FRE 355
5/1/20	Chase Bank	TOTAL BUS CHK	Online Transfer Chk	20	Business	Transfer	N	transaction#: 9541748127

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA**

EXHIBIT B

In re: MORA HOUSE, LLC

Case No. 20-50631-SLJ

**CHAPTER 11
MONTHLY OPERATING REPORT
(SMALL REAL ESTATE/INDIVIDUAL CASE)**

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: 5/31/20

PETITION DATE: 04/14/20

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).

Dollars reported in \$1

2. Asset and Liability Structure	End of Current		As of Petition Filing
	Month	End of Prior Month	
a. Current Assets	\$19,006	\$19,016	
b. Total Assets	\$4,019,006	\$4,019,016	\$4,000,000
c. Current Liabilities	\$15,000	\$7,500	
d. Total Liabilities	\$13,051,821	\$13,044,321	\$13,036,820
Cumulative			
(Case to Date)			
3. Statement of Cash Receipts & Disbursements for Month	Current Month	Prior Month	
a. Total Receipts	\$0	\$0	\$0
b. Total Disbursements	\$10	\$0	\$10
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	(\$10)	\$0	(\$10)
d. Cash Balance Beginning of Month	\$0	\$0	\$0
e. Cash Balance End of Month (c + d)	(\$10)	\$0	(\$10)
Cumulative			
(Case to Date)			
4. Profit/(Loss) from the Statement of Operations	N/A	N/A	N/A
5. Account Receivables (Pre and Post Petition)	\$0	\$0	
6. Post-Petition Liabilities	\$15,000	\$7,500	
7. Past Due Post-Petition Account Payables (over 30 days)	\$0	\$0	

At the end of this reporting month:

- | | <u>Yes</u> | <u>No</u> |
|---|-----------------------------|-----------------------------|
| 8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee) | <u> </u> | <u>X</u> |
| 9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee) | <u> </u> | <u>X</u> |
| 10. If the answer is yes to 8 or 9, were all such payments approved by the court? | <u> </u> | <u> </u> |
| 11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee) | <u> </u> | <u>X</u> |
| 12. Is the estate insured for replacement cost of assets and for general liability? | <u>X</u> | <u> </u> |
| 13. Are a plan and disclosure statement on file? | <u> </u> | <u>X</u> |
| 14. Was there any post-petition borrowing during this reporting period? | <u> </u> | <u>X</u> |
| 15. Check if paid: Post-petition taxes <u> </u> ; U.S. Trustee Quarterly Fees <u> </u> ; Check if filing is current for: Post-petition tax reporting and tax returns: <u> </u> .
(Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.) | | |

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: June 22, 2020

/s/ Melvin Vaughn

Responsible Individual

BALANCE SHEET
(Small Real Estate/Individual Case)
For the Month Ended 05/31/20

EXHIBIT B

Assets	Check if Exemption Claimed on Schedule C	Market Value
Current Assets		
1 Cash and cash equivalents (including bank accts., CDs, etc.)		(\$10)
2 Accounts receivable (net)		\$0
3 Retainer(s) paid to professionals		\$19,016
4 Other: _____		
5 _____		
6 Total Current Assets		\$19,006
Long Term Assets (Market Value)		
7 Real Property (residential)		\$0
8 Real property (rental or commercial)		\$4,000,000
9 Furniture, Fixtures, and Equipment		\$0
10 Vehicles		\$0
11 Partnership interests		\$0
12 Interest in corporations		\$0
13 Stocks and bonds		\$0
14 Interests in IRA, Keogh, other retirement plans		\$0
15 Other: _____		\$0
16 _____		
17 Total Long Term Assets		\$4,000,000
18 Total Assets		\$4,019,006
Liabilities		
Post-Petition Liabilities		
Current Liabilities		
19 Post-petition not delinquent (under 30 days)		\$0
20 Post-petition delinquent other than taxes (over 30 days)		\$0
21 Post-petition delinquent taxes		\$0
22 Accrued professional fees		\$15,000
23 Other: _____		\$0
24 _____		
25 Total Current Liabilities		\$15,000
26 Long-Term Post Petition Debt		
27 Total Post-Petition Liabilities		\$15,000
Pre-Petition Liabilities (allowed amount)		
28 Secured claims (residence)		\$0
29 Secured claims (other)		\$13,011,821
30 Priority unsecured claims		\$0
31 General unsecured claims		\$25,000
32 Total Pre-Petition Liabilities		\$13,036,821
33 Total Liabilities		\$13,051,821
Equity (Deficit)		
34 Total Equity (Deficit)		(\$9,114,730)
35 Total Liabilities and Equity (Deficit)		\$3,937,091

NOTE:

* Binder & Malter, LLP received an initial retainer from the Managing Member, Melvin Vaughn who obtained the funds from a personal loan from a friend prior to the filing of the within petition. The funds were deposited into an account held by FRE 355 Investment Group, LLC, also a Debtor-In-Possession, Case No. 20-50328-SLJ, because this Debtor does not have a bank account.

SCHEDULES TO THE BALANCE SHEET

**Schedule A
Rental Income Information**

List the Rental Information Requested Below By Properties (For Rental Properties Only)

	<u>Property 1</u>	<u>Property 2</u>	<u>Property 3</u>
1 Description of Property	0		
2 Scheduled Gross Rents			
Less:			
3 Vacancy Factor			
4 Free Rent Incentives			
5 Other Adjustments			
6 Total Deductions	\$0	\$0	\$0
7 Scheduled Net Rents	\$0	\$0	\$0
8 Less: Rents Receivable (2)			
9 Scheduled Net Rents Collected (2)	\$0	\$0	\$0

(2) To be completed by cash basis reporters only.

**Schedule B
Recapitulation of Funds Held at End of Month**

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>
10 Bank	Chase		
	account opened in May 2020		
11 Account No.			
12 Account Purpose	Checking		
13 Balance, End of Month	(\$10)		
14 Total Funds on Hand for all Accounts	(\$10)		

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 05/31/20

		Actual Current Month	Cumulative (Case to Date)
Cash Receipts			
1	Rent/Leases Collected	\$0	\$0
2	Cash Received from Sales	\$0	\$0
3	Interest Received	\$0	\$0
4	Borrowings	\$0	\$0
5	Funds from Shareholders, Partners, or Other Insiders	\$0	\$0
6	Capital Contributions	\$0	\$0
7			
8			
9			
10			
11			
12	Total Cash Receipts	\$0	\$0
Cash Disbursements			
13	Selling	\$0	
14	Administrative	\$0	
15	Capital Expenditures	\$0	
16	Principal Payments on Debt	\$0	
17	Interest Paid	\$0	
	Rent/Lease:		
18	Personal Property	\$0	
19	Real Property	\$0	
	Amount Paid to Owner(s)/Officer(s)		
20	Salaries	\$0	
21	Draws	\$0	
22	Commissions/Royalties	\$0	
23	Expense Reimbursements	\$0	
24	Other	\$0	
25	Salaries/Commissions (less employee withholding)	\$0	
26	Management Fees	\$0	
	Taxes:		
27	Employee Withholding	\$0	
28	Employer Payroll Taxes	\$0	
29	Real Property Taxes	\$0	
30	Other Taxes	\$0	
31	Other Cash Outflows:	\$0	
32	Bank charges	\$10	\$10
33			
34			
35			
36			
37	Total Cash Disbursements:	\$10	\$10
38	Net Increase (Decrease) in Cash	(\$10)	(\$10)
39	Cash Balance, Beginning of Period		
40	Cash Balance, End of Period	(\$10)	(\$10)



JPMorgan Chase Bank, N.A.
P O Box 182051
Columbus, OH 43218-2051

EXHIBIT B

May 15, 2020 through May 29, 2020

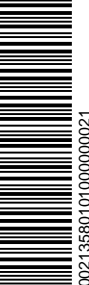
Account Number: [REDACTED] 5303

00021358 DRE 703 143 15120 NNNNNNNNNN T 1 000000000 64 0000

MORA HOUSE LLC DEBTOR-IN-POSSESSION
20-50631
PO BOX 3156
LOS ALTOS CA 94024-0156

CUSTOMER SERVICE INFORMATION

Web site: **Chase.com**
Service Center: **1-800-242-7338**
Deaf and Hard of Hearing: **1-800-242-7383**
Para Espanol: **1-888-622-4273**
International Calls: **1-713-262-1679**



00213580101000000021

CHECKING SUMMARY

Chase Total Business Checking

	INSTANCES	AMOUNT
Beginning Balance		\$0.00
Deposits and Additions	1	5.00
Fees	2	-15.00
Ending Balance	3	-\$10.00

DEPOSITS AND ADDITIONS

DATE	DESCRIPTION	AMOUNT
05/18	Service Fee Reversal	\$5.00
Total Deposits and Additions		\$5.00

FEES

DATE	DESCRIPTION	AMOUNT
05/15	Card Replacement Fee	\$5.00
05/27	Orig CO Name:Check OR Supply Orig ID:1410216800 Desc Date:200522 CO Entry Descr:Order Sec:PPD Trace#:042000019576920 Eed:200527 Ind ID: Ind Name:Mora House LLC Trn: 1489576920Tc	10.00
Total Fees		\$15.00

DAILY ENDING BALANCE

DATE	AMOUNT
05/15	-\$5.00
05/18	0.00
05/27	-10.00

SERVICE CHARGE SUMMARY

TRANSACTIONS FOR SERVICE FEE CALCULATION	NUMBER OF TRANSACTIONS
Checks Paid / Debits	0
Deposits / Credits	0
Deposited Items	0
Transaction Total	0

**EXHIBIT B**

May 15, 2020 through May 29, 2020

Account Number: [REDACTED] 5303

SERVICE CHARGE SUMMARY (continued)

SERVICE FEE CALCULATION	AMOUNT
Service Fee	\$0.00
Service Fee Credit	\$0.00
Net Service Fee	\$0.00
Excessive Transaction Fees (Above 100)	\$0.00
Total Service Fees	\$0.00

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For personal accounts only: We must hear from you no later than 60 days after we sent you the FIRST statement on which the problem or error appeared. Be prepared to give us the following information:

- Your name and account number
- The dollar amount of the suspected error
- A description of the error or transfer you are unsure of, why you believe it is an error, or why you need more information.

We will investigate your complaint and will correct any error promptly. If we take more than 10 business days (or 20 business days for new accounts) to do this, we will credit your account for the amount you think is in error so that you will have use of the money during the time it takes us to complete our investigation.

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JPMorgan Chase Bank, N.A. Member FDIC

EXHIBIT B

MORA HOUSE, LLC (CHECK REGISTER) MAY 1, 2020-MAY 31, 2020)

Date	Bank	Account	Description	Amount	Type	Category	Receipt	Notes
5/31/20	Chase Bank	TOTAL BUS CHK	ENDING BALANCE	-10.00				
5/27/20	Chase Bank	TOTAL BUS CHK	Check Fee charge	-10.00	Business	Bank Charge		
5/18/20	Chase Bank	TOTAL BUS CHK	Service Fee Reversal	5	Business	Income	N	
5/15/20	Chase Bank	TOTAL BUS CHK	Card	-5	Business	Other business expenses	N	

Capital Gains and Other Taxes Analysis for FRE 355 Investment Group, LLC and Mora House, LLC
Date: 7/1/2020

<u>MORA HOUSE:</u>		<u>FRE 355 INVESTMENT GROUP, LLC:</u>		<u>COMBINED SALE OF BOTH PROPERTIES:</u>	
Tax Basis:		Tax Basis:		Tax Basis:	
Original Purchase Price:	\$2,500,000	Original Purchase Price:	\$1,484,000	Tax Basis Mora House:	\$3,395,000
Improvements (estimated):	\$350,000	Improvements (estimated):	\$8,000,000	Tax Basis FRE:	\$14,038,065
Capitalized Expenses	\$545,000	Capitalized Expenses	\$4,554,065	Combined Tax Basis	\$17,433,065
Tax Basis	\$3,395,000	Tax Basis	\$14,038,065		
Tax Projections:		Tax Projections:		Tax Projections:	
Estimated Selling Price:	\$3,500,000	Estimated Selling Price:	\$14,999,999	Estimated Selling Price:	\$17,500,000
Estimated sales expenses @7%	-\$245,000	Estimated sales expenses @7%	-\$1,050,000	Estimated sales expenses @7%	-\$1,225,000
Tax Basis:	-\$3,395,000	Tax Basis:	-\$14,038,065	Combined Tax Basis:	-\$17,433,065
Net Projected Loss on Sale:	-\$140,000	Net Projected Loss on Sale:	-\$88,066	Net Projected Loss on Sale:	-\$1,158,065
No capital gains tax on sale due to loss		No capital gains tax on sale due to loss		No capital gains tax on sale due to loss	
California LLC projected taxes and fees	\$6,800	California LLC projected taxes and fees	\$12,590	California LLC projected taxes and fees	\$19,390
Cash flow Projections:		Cash flow Projections:		Cash flow Projections:	
Estimated Selling Price:	\$3,500,000	Estimated Selling Price:	\$14,999,999	Estimated Selling Price:	\$17,500,000
Estimated sales expenses @7%	-\$245,000	Estimated sales expenses @7%	-\$1,050,000	Estimated sales expenses @7%	-\$1,225,000
Blanchard Deed of Trust (claim filed):	-\$2,441,803	S&R Claim Estimate (not filed)	-\$13,000,000	S&R Claim Estimate (not filed)	-\$13,000,000
S&R Release Price:	-\$500,000	Estimated Property Taxes (claim filed):	-\$255,300	Blanchard Deed of Trust	-\$2,441,803
Estimated Property Taxes (not filed)	-\$116,838	FTB Lien (not filed)	-\$3,453	Mora House Est. Property Taxes	-\$116,838
Estimated Net Cash from Sale:	\$196,359	EPS Plumbing Abstract Lien (not filed)	-\$27,000	FRE Estimated Property Taxes	-\$255,300
		Estimated Net Cash from Sale:	\$664,246	FTB Lien (not filed)	-\$3,453
				EPS Plumbing Abstract Lien (not filed)	-\$27,000
				Estimated Net Cash from Sale:	\$430,606



SYBARITE LUXURY REAL ESTATE

10718 MORA DRIVE MARKETING KIT



WHO WE ARE

syb·a·rite

/ˈsɪbəˌraɪt/
noun

a person who is self-indulgent in their fondness
for sensuous luxury.

Sybarite captures the essence of California's Bay Area—including luxury, elegance, altruism, and innovation.

With the support and strength of an elite team of seasoned real estate professionals, We manage every facet of clients' experiences seamlessly.



EXHIBIT D

10718 MORA DRIVE MARKETING SCHEDULE

MARKET PREPARATIONS

Photoshoot-Hire model for lifestyle photoshoot to highlight the outside/SIP living potential with David Eichler
Video and 3D Tour if needed
Floor Plan Design if needed
Dedicated Property Website Planning & Development

COMING SOON PITCH

Contact personal sphere of high net worth clients, friends and modern home enthusiasts at Facebook/Yahoo/Google/Twitter/Professional athletes/LinkedIn/Box/Cortezyme/Coupa/ NerdWallet/Databricks/Tesla/Uber for example.
Personally reach out to select agents
Social Media Marketing (Instagram, Facebook, Twitter & LinkedIn)

Compass Global Listings Feed

Compass Catch

Compass Private Exclusives

Compass Coming Soon

Top Agent Network

Coming Soon eBlast to the Top 100

The Network Group cross promotions amongst the Top Bay Area
Compass agents

MARKET LAUNCHING

MLS & Website Activation (10718mora.com)

International & Domestic Syndication via Proxio Pro

ListGlobally - Worldwide promotion to potential buyers across
60+ countries

Invite select agents/clients for private in person or virtual tours

Catered Tour and event if SIP allows

Punch Magazine October Ad Placement

For Sale Eblast Sent to Top Agents

Juwai.com Chinese Marketing

Dwell Magazine submission

SF Curbed Story Pitch

Facebook & Instagram Paid Ads

Adwerx Advertising - Optimized ads for Facebook, websites, NewsFeeds, and in thousands of mobile apps
Social Media

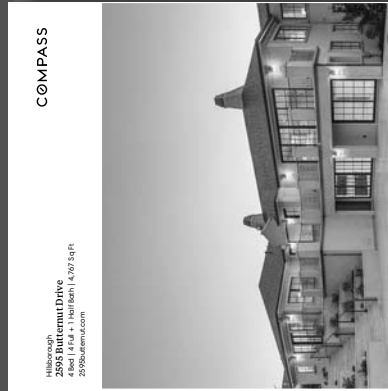


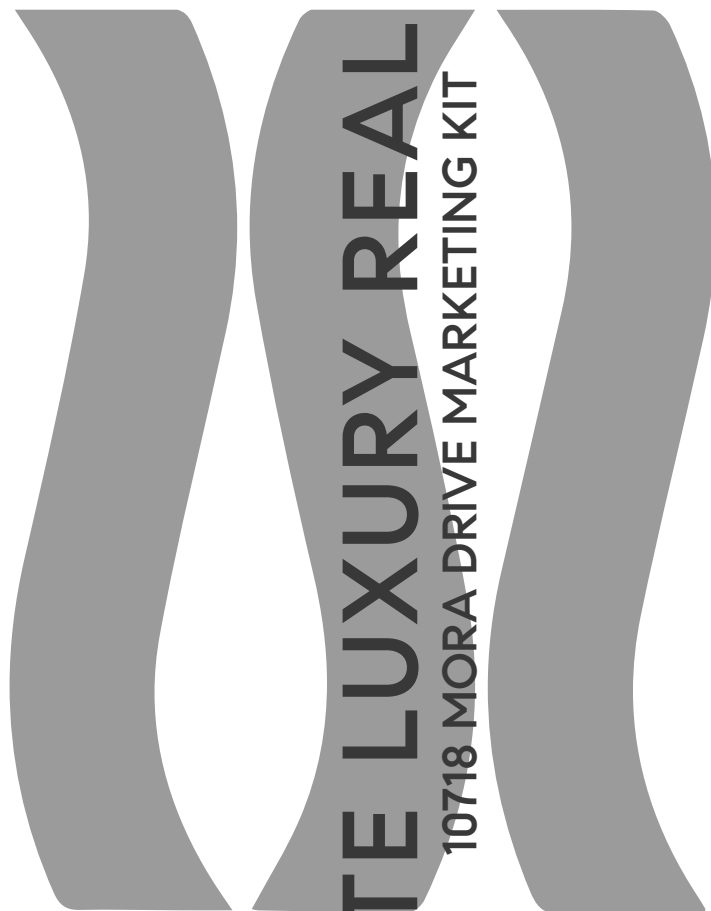


High-End Magazine sent to all my past clients
Capture Magazine Ad Placement
Gentry Ad Placement
Ongoing Juwai.com Campaign
Ongoing Facebook & Instagram Paid Advertisements
Private Broker + Client Showings
Continue networking, selling and describing the values,
architecture, potential, craftsmanship and exclusivity of
the Mora House.
Social media

Y
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!

Continue to stay in touch with and remind clients of
the Mora House availability, value and potential as
a SIP compound
Luxury Homes Ad Placement
Ongoing Juwai.com Campaign
Ongoing Facebook & Instagram Paid Advertisements
Private Broker + Client Showings
Social media





SYBARITE LUXURY REAL ESTATE

10718 MORA DRIVE MARKETING KIT

EXHIBIT 3

1 Michael W. Malter, Esq. ID #96533
Robert G. Harris, Esq. ID #124678
2 Julie H. Rome-Banks, Esq. ID #142364
Binder & Malter, LLP
3 2775 Park Avenue
Santa Clara, CA 95050
4 Telephone: (408) 295-1700
Facsimile: (408) 295-1531
5 Email: Michael@bindermalter.com
Email: Rob@bindermalter.com
6 Email: Julie@bindermalter.com
7 Attorneys for Debtors and Debtors-in-possession
FRE 355 Investment Group, LLC and Mora House, LLC
8

9 **UNITED STATES BANKRUPTCY COURT**
10 **NORTHERN DISTRICT OF CALIFORNIA, DIVISION 5**
11

12 In re:	Case No. 20-50628-SLJ
13 FRE 355 INVESTMENT GROUP, LLC, dba	Cases Jointly Administered
14 FRE 355,	Chapter 11
15 Debtor.	
16 In re	Case No. 20-50631-SLJ
17 MORA HOUSE, LLC,	Chapter 11
18 Debtor.	DISCLOSURE HEARING:
19	Date: September 3, 2020
20	Time: 1:30 p.m.
21	Courtroom: 11 (telephonic)
22	

23 **DEBTORS' PLAN OF REORGANIZATION**
24 **(JULY 10, 2020)**
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1 Debtors and debtors-in-possession FRE 355 Investment Group, LLC, dba FRE 355 and
2 Mora House, LLC (collectively, the "Debtors") hereby propose their Chapter 11 Plan pursuant to
3 section 1121 of the Bankruptcy Code. The Debtors are the proponents of this Plan within the
4 meaning of section 1129 of the Bankruptcy Code.

5 I. DEFINITIONS

6 Terms used in this Plan or the Disclosure Statement that are defined in the Bankruptcy
7 Code or Bankruptcy Rules have the meaning assigned to them in the Bankruptcy Code and Rules.

8 1. ***"Addendum to Promissory Note"*** means that Addendum to Promissory Note Loan
9 #10536 between S&R and FRE 355, dated December 11, 2018, which grants S&R an additional
10 deed of trust collateralized by the Mora Lot and provides that "Lender shall release the real
11 property interest in said property for a principal reduction of Five Hundred Thousand dollars
12 (\$500,000)."

13 2. ***"Administrative Claims Bar Date"*** means November 1, 2020.

14 3. ***"Avoidance Actions"*** means any actions commenced or that may be commenced
15 before or after the Effective Date arising under Bankruptcy Code sections 510, 542, 543, 544, 545,
16 547, 548, 549, 550, 551 or 553, or under related state, federal, or foreign statutes and common
17 law, including, without limitation fraudulent transfer laws.

18 4. ***"Blanchard Trust"*** means Richard and Esther Blanchard, Trustees of the Richard
19 and Esther Blanchard 1990 Trust dated 10/1/1990.

20 5. ***"Disputed Claim Reserve"*** means cash withheld by the Debtors to pay any claims
21 that are disputed, contingent or unliquidated and as to which no order sustaining an objection
22 thereto has been entered or as to which no order estimating such claim for purposes of voting and
23 distribution has been entered as of the Effective Date.

24 6. ***"Effective Date"*** means the sixtieth day following the date of the entry of the order
25 of confirmation of the Plan if no notice of appeal from that order has been filed. If a notice of
26 appeal has been filed, Debtors may waive the finality requirement and put the Plan into effect
27 unless the order confirming the Plan has been stayed. If a stay of the confirmation order has been
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1 issued, the Effective Date will be the first day after that date on which no stay of the confirmation
2 order is in effect, provided that the confirmation order has not been vacated.

3 7. ***“Effective Date Distribution”*** means distribution on the Effective Date of the
4 following: (a) 100% of allowed administrative claims without interest and (b) the first monthly
5 payment to the Franchise Tax Board on account of its priority tax claim as described in Article II
6 of this Plan.

7 8. ***“Extended Marketing Period”*** means the six-month period following the Initial
8 Marketing Period for the Debtors to close a sale of the Mora House and Mora Lot.

9 9. ***“FRE 355”*** means FRE 355 Investment Group, LLC, dba FRE 355.

10 10. ***“Initial Marketing Period”*** means the six-month period after the Effective Date the
11 Debtors have to close a sale of the Mora House and Mora Lot.

12 11. ***“Mora House”*** means the improved real property located at 10718 Mora Drive Los
13 Altos, California 94024, Parcel No. 331-14-066 consisting of residence with 9,677 square feet of
14 livable space and 6 bedrooms.

15 12. ***“Mora Lot”*** means the vacant land situated in Los Altos, California, Parcel No.
16 331-14-067, 1.4512 acres, Lot No. 3 adjacent to the Mora House.

17 13. ***“Reorganized Debtors”*** means the Debtors following entry of an order confirming
18 the Plan.

19 14. ***“S&R”*** means S&R Income Fund I, LP, by and through Platinum Loan Servicing,
20 Inc.

21 **II. TREATMENT OF UNCLASSIFIED CLAIMS**

22 Unsecured Priority Tax Claims

23 The State of California Franchise Tax Board (“FTB”) filed a claim for unsecured priority
24 taxes in the amount of \$3,442.75 in the bankruptcy case of Mora House, LLC. This creditor will
25 receive equal payments of \$60 per month until sales of the Mora House and Mora Lot close, at
26 which time the balance of FTB’s priority tax claim will be paid in full with statutory interest.

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1 Non-Professional Ordinary Course Administrative Expense Claims

2 The Debtors will pay non-professionals who hold administrative expense claims in the
3 ordinary course as and when such amounts are due unless they agree to a different treatment.

4 Professional Fees

5 The Debtors will pay holders of allowed professional administrative expense claims
6 approved by the Bankruptcy Court in cash on the Effective Date Distribution unless they agree to
7 a different treatment.

8 Applications for compensation are to be filed within 60 days after the Effective Date unless
9 the Debtors agree in writing to an extension of that deadline which extension agreement is then
10 filed with the Court, except for the real estate broker appointed on behalf of the Debtor who shall
11 request approval of compensation in connection with the sale of the Mora House and/or Mora Lot.

12 After the Effective Date and except as provided herein, the Debtors may incur and pay
13 professional fees in the ordinary course without notice or court approval.

14 Statutory U.S. Trustee Fees

15 The Debtors will pay all fees owed to the United States Trustee pursuant to 28 U.S.C.
16 §1930 within 15 days of billing by the United States Trustee after entry of an order confirming the
17 Plan and as a condition thereof.

18 **III. TREATMENT OF CLASSIFIED CLAIMS AND INTERESTS**

19 **A. Classes under Plan and Voting Rights Summary**

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Class	Claimant	Secured/ Unsecured	Collateral	Impairment/ Voting
Class 1A	Blanchard Trust	Secured	Mora Lot	Impaired Entitled to vote
Class 1B	S&R	Secured	Mora Lot	Impaired Entitled to vote
Class 1C	Department of Tax & Collections	Secured	Mora Lot	Impaired, entitled to vote
Class 2A	S&R	Secured	Mora House	Impaired, entitled to vote
Class 2B	Department of Tax & Collections	Secured	Mora House	Impaired, entitled to vote

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Class 2C	EPS Plumbing	Secured	Mora House	Impaired, entitled to vote
Class 3A	FRE 355 General Unsecured Claims	Unsecured	N/A	Impaired, entitled to vote
Class 3C	Mora House LLC General Unsecured Claims	Unsecured	N/A	Impaired, entitled to vote
Class 4A	Equity Interests in FRE 355	N/A	N/A	Unimpaired, deemed to accept
Class 4B	Equity Interests in Mora House LLC	N/A	N/A	Unimpaired, deemed to accept

B. Treatment of Claims

Class 1A – Blanchard Trust

Class 1A consists of the first-priority secured claim of the Blanchard Trust against the Mora Lot in the filed amount of \$2,441,801.23. Under the Plan, the Blanchard Trust shall retain its lien against the Mora Lot to the extent of its allowed claim. The Blanchard Trust shall receive a single payment equal to the allowed amount of its claim with contract rate interest and reasonable attorneys' fees six months after the Effective Date or at such time that the Mora Lot is sold, whichever is sooner; provided, however that if S&R receives a \$500,000 principal paydown under the Addendum to Promissory Note then (1) S&R shall release its lien against the Mora Lot, and (2) the Debtors shall have the Extended Marketing Period to sell Mora Lot and Mora House and six additional months to pay Blanchard Trust's Class 1B claim. The Blanchard Trust shall retain without modification the right to advance \$500,000 under the Addendum to Promissory Note to cause the release of the S&R lien from the Mora Lot.

Class 1B – S&R

Class 1B consists of the second priority secured claim of the S&R against the Mora Lot in the scheduled amount of \$12,113,909.20 including interest and foreclosure fees. Under the Plan, S&R shall retain its lien against the Mora Lot to the extent of its allowed claim. S&R shall receive a single payment equal to the allowed amount of its claim with contract rate interest and reasonable attorneys' fees six months after the Effective Date or at such time that the Mora Lot is sold, whichever is sooner; provided, however that if S&R receives a \$500,000 principal paydown under the Addendum to Promissory Note then (1) S&R shall release its lien against the Mora Lot,

1 and (2) the Debtors shall have the Extended Marketing Period to sell Mora Lot and Mora House
2 and six additional months to pay S&R's Class 1B claim.

3 **Class 1C – Department of Tax & Collections**

4 Class 1C consists of the secured claim of the Department of Tax & Collections for unpaid
5 real property taxes secured against the Mora Lot in the amount of \$113,837.60. Under the Plan,
6 the Department of Tax & Collections shall retain its lien against the Mora Lot to the extent of its
7 allowed claim. The Department of Tax & Collections shall receive a single payment equal to the
8 allowed amount of its claim with statutory interest six months after the Effective Date or at such
9 time that the Mora Lot is sold, whichever is sooner provided, however that if S&R receives a
10 \$500,000 principal paydown under the Addendum to Promissory Note then (1) S&R shall release
11 its lien against the Mora Lot, and (2) the Debtors shall have the Extended Marketing Period to sell
12 Mora Lot and Mora House and six additional months to pay the Class 1C claim of the Department
13 of Tax & Collections .

14 **Class 2A – S&R**

15 Class 2A consists of the first priority secured claim of the S&R against the Mora House in
16 the scheduled amount of \$12,113,909.20 including interest and foreclosure fees. Under the Plan,
17 S&R shall retain its lien against the Mora House to the extent of its allowed claim. S&R shall
18 receive a single payment equal to the allowed amount of its claim with contract rate interest and
19 reasonable attorneys' fees six months after the Effective Date or at such time that the Mora House
20 is sold, whichever is sooner; provided, however that if S&R receives a \$500,000 principal
21 paydown under the Addendum to Promissory Note then (1) S&R shall release its lien against the
22 Mora Lot, and (2) the Debtors shall have the Extended Marketing Parioer to sell Mora Lot and
23 Mora House and six additional months to pay S&R's Class 2A claim.

24 **Class 2B – Department of Tax & Collections**

25 Class 2B consists of the secured claim of the Department of Tax & Collections secured
26 against the Mora House in the filed amount of \$255,298.22 for unpaid real property taxes. Under
27 the Plan, the Department of Tax & Collections shall retain its lien against the Mora House to the
28 extent of its allowed claim. The Department of Tax & Collections shall receive a single payment

1 equal to the allowed amount of its claim with statutory interest six months after the Effective Date
2 or at such time that the Mora House is sold, whichever is sooner; provided, however that if S&R
3 receives a \$500,000 principal paydown under the Addendum to Promissory Note then (1) S&R
4 shall release its lien against the Mora Lot, and (2) the Debtors shall have the Extended Marketing
5 Period to sell Mora Lot and Mora House and six additional months to pay the Class 2B claim of
6 the Department of Tax & Collections.

7 **Class 2C – EPS Plumbing**

8 Class 2C consists of the secured claim of EBS Plumbing against the Mora House in the
9 amount of \$27,000. Under the Plan, EPS Plumbing shall retain its lien against the Mora House to
10 the extent of its allowed claim. EPS Plumbing shall receive a single payment equal to the allowed
11 amount of its claim with contract rate interest six months after the Effective Date or at such time
12 that the Mora House is sold, whichever is sooner; provided, however that if S&R receives a
13 \$500,000 principal paydown under the Addendum to Promissory Note then (1) S&R shall release
14 its lien against the Mora Lot, and (2) the Debtors shall have the Extended Marketing Period to sell
15 Mora Lot and Mora House and six additional months to pay the Class 2C claim of EPS Plumbing.

16 **Class 3A – FRE 355 General Unsecured Claims**

17 Class 3A consists of the claims of holders of general unsecured claims against FRE 355.
18 Holders of allowed claims in this class will receive payment of the allowed amount of their claims,
19 without interest, from the net proceeds from sale of the Mora House after the full payment of all
20 secured and priority claims. Payment shall be made six months after the Effective Date, unless
21 S&R receives a \$500,000 principal paydown under the Addendum to Promissory Note, in which
22 case payment shall be made twelve months after the Effective Date or at such time that the Mora
23 House is sold, whichever is sooner.

24 **Class 3B – Mora House LLC General Unsecured Claims**

25 Class 3B consists of the claims of holders of general unsecured claims against Mora
26 House, LLC. Holders of allowed claims in this class will receive a pro rata distribution on the
27 allowed amount of their claims, without interest, from the net proceeds from sale of the Mora Lot
28 after the full payment of all secured and priority claims. Payment shall be made six months after

1 the Effective Date, unless S&R receives a \$500,000 principal paydown under the Addendum to
2 Promissory Note, in which case payment shall be made twelve months after the Effective Date or
3 at such time that the Mora Lot is sold, whichever is sooner.

4 **Class 4A – Equity Interests in FRE 355**

5 Melvin Vaughn will retain his equity interests in FRE 355 without impairment.

6 **Class 4B – Equity Interests in Mora House LLC**

7 Melvin Vaughn will retain his equity interests in Mora House, LLC without impairment.

8 **IV. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

9 **A. Assumption and Rejection**

10 **1. Contract Assumed.**

11 The Debtors assume, to the extent it is necessary, the Addendum to Promissory Note.

12 **2. Rejection of All Other Contracts Not Assumed.**

13 All other executory contracts not (a) previously assumed, assigned or rejected pursuant to
14 final order of the Bankruptcy Court entered prior to the Effective Date, or (b) not subject to a
15 pending motion to assume, assign or reject filed with the Bankruptcy Court prior to the Effective
16 Date, will be deemed rejected as of the Effective Date.

17 **3. Claims Arising Out of Rejection.**

18 Any claims arising out of the rejection of an executory contract or unexpired lease pursuant
19 to the Plan must be filed with the Bankruptcy Court by no later than 30 calendar days after the
20 confirmation of the Plan. If no proof of claim is filed within such time period, it will be forever
21 barred from receiving a distribution from estate assets.

22 **V. MEANS OF EXECUTION.**

23 **A. Reorganized Debtors.**

24 The Debtors, as the Reorganized Debtors shall, from and after confirmation of the Plan,
25 continue as the representatives of their respective estates and succeed without further order to all
26 right, title and interest in all estate assets and property pursuant to the terms of the Plan. The
27 Debtors will be authorized and empowered to take all actions and measures necessary to
28 implement and administer the Plan. The Debtors will conduct their business and operate from

1 confirmation and through and after substantial consummation of the Plan. The Debtors may
2 continue to receive unsecured loans or equity advances from their sole member, Melvin Vaughn,
3 to pay the Debtors' respective ongoing costs of operations until a sale of the Mora House and
4 Mora Lot.

5 **B. Marketing and Sale of Mora House and Mora Lot.**

6 The Debtors will advertise, show, market and sell the Mora House and Mora Lot and close
7 sales thereof in the Initial Marketing Period, within 6 months of the Effective Date; provided
8 however that if S&R receives a \$500,000 principal paydown under the Addendum to Promissory
9 Note, the Debtors will have 6 more months to close sales of both the Mora House and Mora Lot
10 within the Extended Marketing Period. After the Effective Date, the Debtors may extend their
11 listing agreements with Court appointed real estate broker, Phil Chen of Compass, without the
12 need for Court approval, but shall seek Court approval as a condition to entering into listing
13 agreements with any replacement broker.

14 **C. Effect of Failure to Close Sale.**

15 In the event that sales of the Mora House and Mora Lot have not closed within Initial
16 Marketing Period or the Extended Marketing Period in the event that the Addendum to Promissory
17 Note has resulted in payment of \$500,000 to S&R and release of its lien from the Mora Lot, all
18 holders of secured claims shall have immediate relief to exercise their rights and foreclose their
19 liens against their respective collateral without further order of the Bankruptcy Court. Any party
20 may, following failure by the Debtors to close a sale of one or both of the Mora House and Mora
21 Lot within the periods set forth above, request conversion of these bankruptcy cases to Chapter 7
22 by filing an explanatory declaration with the Bankruptcy Court, uploading a proposed form of
23 order, and serving both with 10 days' notice and opportunity for hearing.

24 **D. Effective Date Distribution.**

25 The Debtors will pay holders of allowed professional administrative expense claims in
26 cash on the Effective Date Distribution or at such later dates as the Court approves unless they
27 agree to a different treatment.

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E. Funding and Operation of Disputed Claims Reserve.

The Reorganized Debtors will create the Disputed Claims Reserve by establishing at the time of closing of sale of the Mora House and Mora Lot a separate bank account and depositing into it cash equal to the face amount of all claims that are disputed, contingent or unliquidated. No deposit is required for a claim as to which an order disallowing the claim has been entered. A deposit is only required up to the amount at which a claim has been estimated should Debtors seek and obtain an order of the bankruptcy court for estimation of a disputed claim. If a disputed claim becomes an allowed claim, the Reorganized Debtors will immediately distribute to the claimant from the Disputed Claims Reserve the amount of the allowed claim that it would have been entitled to receive had it been an allowed claim on the confirmation date. Any funds no longer needed in reserve shall be released for use according to the terms of the Plan.

F. Distributions Generally.

1. Best Efforts to Make Distributions.

The Reorganized Debtors will not be obligated to make any distribution if it is reasonably expected that the cost of such distribution would exceed the amount of cash on hand. The Reorganized Debtors will make continuing efforts to administer the estate assets, make timely distributions, and will not unduly prolong the duration of the Reorganized Debtor's appointment.

2. Addresses for Delivery.

If any distribution to a holder of an allowed claim is returned as undeliverable, no further distributions will be made to such holder unless and until the Reorganized Debtors is notified in writing of such holder's then-current address, at which time all currently due and missed distributions will be made to such holder. Undeliverable distributions will remain in the possession of the Reorganized Debtors until such time as a distribution becomes deliverable or such distribution is cancelled.

3. Delivery of Distributions.

Distributions may be delivered by first class mail, postage pre-paid. Mailings may be made to the address indicated on the latest notice of appearance or the latest proof of claim or

1 other paper filed by any of the foregoing in the Bankruptcy Court. Absent any such filing, the
2 address set forth in the Debtor's schedules filed with the Bankruptcy Court may be used.

3 Distributions made in accordance with this provision will be deemed delivered whether
4 actually received or not.

5 **4. Disputed Distributions.**

6 If any dispute arises as to the identity of a claimant who is to receive any distribution, the
7 Reorganized Debtors may, in lieu of making such distribution to such holder, make such
8 distribution into a segregated fund until the disposition thereof will be determined by Bankruptcy
9 Court order or by written agreement among the interested parties to such dispute.

10 **i. DeMinimis Distributions.**

11 Notwithstanding any other provision of the Plan, Distributions of less than \$50.00 need not
12 be made on account of any Allowed Claim; provided, however, that Distributions that would
13 otherwise be made but for this provision shall carry over to the next Distribution Date until the
14 cumulative amount to which any holder of an Allowed Claim is entitled to is more than \$50.00, at
15 which time the cumulative amount of such Distributions will be paid to such holder.

16 **ii. Withholding and Reporting Requirements.**

17 Any foreign, federal, state or local withholding taxes or other amounts required to be
18 withheld under applicable law will be deducted from any distributions hereunder. All claimants
19 are required to provide any information necessary to withhold such taxes, including provision of a
20 FEIN or SSN to the Reorganized Debtor. The Reorganized Debtors will be authorized to withhold
21 distribution on such claims until the requisite information is received. If such information is not
22 received within one hundred and twenty (120) calendar days after the relevant distribution date,
23 distribution will be treated as unclaimed, and the claimant will forfeit its right to the distribution.
24 All distributions under the Plan will be net of the actual and reasonable costs of making such
25 distributions and of any allocable fees or other charges relating thereto.

26 **5. Unclaimed Distributions.**

27 If any distribution remains unclaimed for a period of one hundred and twenty (120)
28 calendar days after the relevant distribution date, or any distribution check remains uncashed for

1 one hundred and twenty (120) calendar days after its issuance, the distribution will constitute an
2 unclaimed distribution (hereafter referred to as an “Unclaimed Distribution”). Any uncashed
3 check will be void, and the claimant will no longer be entitled to that distribution. Pursuant to
4 Bankruptcy Code section 347(b), all right, title and interest in and the Unclaimed Distributions
5 will immediately vest in the Debtors and be administered by the Reorganized Debtors pursuant to
6 the terms of this Plan.

7 **G. Powers of Reorganized Debtor.**

8 **1. Powers Generally and Power to Sue.**

9 On the Effective Date, the Reorganized Debtors will be vested with all rights and powers
10 of the Debtors under State and Federal law, including but not limited to the right to pursue all
11 claims and causes of action that the Debtors have including avoidance actions, and any other
12 causes of action, defenses, requests for subordination or recharacterization, or requests for any
13 other equitable or legal relief that was or could have been asserted pre-petition by the Debtors
14 against any party other than those which have been settled. The Reorganized Debtors may, on
15 behalf of the Debtors, pursue, settle or release all such actions in accordance with the best interest
16 of and for the benefit of the holders of allowed claims.

17 **2. Objections to and Estimation of Claims.**

18 After the Effective Date, the Reorganized Debtors may file objections to claims. As to any
19 claims arising from the rejection of an executory contract or unexpired lease pursuant to the Plan,
20 the Reorganized Debtors may object within sixty (60) calendar days of the filing of any such
21 claims. As to claims arising from the recovery of an avoidable transfer under chapter 5 of the
22 Bankruptcy Code, the Reorganized Debtors may object within sixty (60) calendar days of the
23 filing of any such claims.

24 **3. Settlements.**

25 After the Effective Date the Reorganized Debtors will have the exclusive authority to file,
26 settle, compromise, withdraw, or litigate to judgment any objections to claims, including without
27 limitation, any objections to claims filed by the Debtors prior to the Effective Date. The
28 Reorganized Debtors will provide notice and opportunity for hearing of any settlement.

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VI. EFFECT OF CONFIRMATION OF PLAN

A. Confirmation Injunction.

On and after date of confirmation of the Plan, except to enforce the terms and conditions of the Plan before the Bankruptcy Court or to implement the terms of the Plan, all persons and entities who have held, hold or may hold any debt, claim, lien, encumbrance against or interest in the Debtors are permanently enjoined from and after the date of entry of the order confirming the Plan from: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including, without limitation, any proceeding in a judicial, arbitral, administrative or other forum) against either the Debtors, their estates, their property, or the Reorganized Debtors; (b) enforcing, levying, attaching (including, without limitation, any pre-judgment attachment), collecting or otherwise recovering by any manner or means whether directly or indirectly, of any judgment, award, decree or order against any of the foregoing; (c) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against any of the foregoing (d) asserting any right of setoff, subrogation, or recoupment of any kind, directly or indirectly, against any obligation due; and (e) taking any actions in any place and in any manner whatsoever that do not conform to or comply with the provisions of the Plan.

B. Binding Effect.

Except as otherwise expressly provided in the Plan, as of the Effective Date, the provisions of the Plan, a confirmation order, and any associated findings of fact or conclusions of law will bind the Debtor, the Reorganized Debtors, and all holders of claims and interests against the Debtors, regardless of whether such holders are impaired under the Plan or voted to accept.

VII. RETENTION OF JURISDICTION

The Bankruptcy Court will retain jurisdiction over the Bankruptcy Case subsequent to the date of Plan confirmation to the fullest extent permitted by law, including, without limitation, for the following purposes:

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1 **A.** To approve any proposed sale(s) of the Mora House and Mora Lot following one or
2 more duly noticed motions including any sale free and clear of disputed liens and interests, and to
3 enter orders as may be necessary and appropriate to aid in the close of escrows;

4 **B.** To determine any and all proceedings related to allowance of claims or objections
5 thereto, including objections to classification and including, on an appropriate motion pursuant to
6 Bankruptcy Rule 3008, reconsideration of claims that have been allowed or disallowed prior to
7 confirmation;

8 **C.** To hear and determine any and all applications for compensation by professionals
9 or any other fees and expenses authorized to be paid or reimbursed in accordance with the
10 Bankruptcy Code or the Plan;

11 **D.** To determine any and all claims or causes of action, whether pending before the
12 Bankruptcy Court at Plan confirmation or filed or instituted after that date;

13 **E.** To modify the Plan or the Disclosure Statement, or to remedy any defect or
14 omission or reconcile any inconsistency in any order of the Bankruptcy Court (including the
15 confirmation order) as may be necessary to carry out the purposes and effects of the Plan;

16 **F.** To determine disputes regarding title of the property claimed to be property of the
17 Debtors or their estates;

18 **G.** To ensure that distributions to holders of allowed claims are accomplished in
19 accordance with the provisions of the Plan;

20 **H.** To enter such orders as may be necessary to consummate and effectuate the
21 operative provisions of the Plan, including actions to enjoin enforcement of claims inconsistent
22 with the terms of the Plan;

23 **I.** To hear and determine disputes concerning any event of default or alleged event of
24 default under the Plan, as well as disputes concerning remedies upon any event of default under
25 the Plan;

26 **J.** To hear any other matter not inconsistent with Chapter 11 of the Bankruptcy Code;

27 **K.** To enter a final decree closing the Debtors' bankruptcy cases;

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Reorganized Debtors:

Mora House LLC
FRE 355 Investment Group, LLC
Attn: Melvin Vaughn
10700 Mora Drive, Los Altos, CA 94022
Email: c4scab@aol.com

With a copy to counsel:
Robert G. Harris, Esq.
Binder & Malter, LLP
2775 Park Avenue
Santa Clara, CA 95050
Facsimile: (408) 295-1531
Email: rob@bindermalter.com

F. Post-Confirmation United States Trustee Fees.

Following confirmation, Debtors will continue to pay quarterly fees to the United States Trustee to the extent, and in the amounts, required by 28 U.S.C. § 1930(a)(6). So long as Debtors is required to make these payments, Debtors will file with the court quarterly reports in the form specified by the United States Trustee for that purpose.

G. Modification of Plan.

The Debtors reserve the right, in accordance with the Bankruptcy Code and Bankruptcy Rules, to amend or modify the Plan at any time prior to entry of an order confirming it. After entry of an order confirming the Plan but prior to the Effective Date, the Debtors may seek an order of the Bankruptcy Court to amend or modify the Plan in accordance with section 1127(b) of the Bankruptcy Code or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

After the Effective Date, the Reorganized Debtors may seek an order of the Bankruptcy Court to amend or modify the Plan in accordance with section 1127(b) of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

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1 The holder of an allowed claim that has accepted the Plan will be deemed to have accepted
2 the Plan as modified if the modification does not materially and adversely change the treatment of
3 the holder's claim.

4 **H. Withdrawal or Revocation of Plan.**

5 The Debtors may withdraw the Plan at any time prior to its confirmation date. If the
6 Debtors withdraw the Plan prior to confirmation, or if the Plan is not confirmed, then the Plan will
7 be deemed null and void and not binding on any person or entity.

8 **I. Failure of Effective Date.**

9 In the event the Effective Date does not occur, nothing in this Plan will be binding on the
10 Debtors or any other person or entity or otherwise be of any force or effect.

11 **J. Post-Effective Date Notices.**

12 Except as otherwise provided in the Plan, upon and after the Effective Date, notices will be
13 served only on the Office of the United States Trustee, the Reorganized Debtor, and those persons
14 who file with the Bankruptcy Court and serve upon the Reorganized Debtors a request, which
15 includes the person's name, contact individual, address, telephone number and facsimile number,
16 that such Person receive notice of post-Effective Date matters. Persons who had previously filed
17 with the Bankruptcy Court requests for special notice of the proceedings and other filings in the
18 Bankruptcy Case will not receive notice of post-Effective Date matters unless such persons file a
19 new request in accordance with this Section.

20 **K. Plan Controls.**

21 To the extent the terms of the Plan are inconsistent with the Disclosure Statement or any
22 document implementing the Plan, the terms of the Plan will be controlling.

23 **L. Applicable Law.**

24 The Plan is to be governed by and construed under the Bankruptcy Code and the laws of
25 the State of California as they may be applicable.

26 **M. Implementation Orders.**

27 The Bankruptcy Court may, at any time, make such orders and give such directions as
28 appropriate for consummation of the Plan pursuant to Bankruptcy Code section 1142

1 Dated: July 10, 2020

MORA HOUSE LLC

2

3

By: /s/ Melvin Vaughn
Melvin Vaughn

4

Its: Managing Member

5

FRE INVESTMENT GROUP LLC

6

7

Dated: July 10, 2020

By: /s/ Melvin Vaughn
Melvin Vaughn

8

9

Its: Managing Member

10

11

July 10, 2020

BINDER & MALTER, LLP

12

13

By: /s/ Robert G. Harris
Robert G. Harris

14

Attorneys for Debtors and Debtors-in-possession
FRE 355 Investment Group, LLC and
Mora House, LLC

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EXHIBIT 4

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA**

In re: FRE 355 INVESTMENT GROUP, LLC, dba FRE 355

Case No. 20-50628-SLJ

**CHAPTER 11
MONTHLY OPERATING REPORT
(SMALL REAL ESTATE/INDIVIDUAL CASE)**

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: 06/30/20

PETITION DATE: 04/13/20

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).

Dollars reported in \$1

	<u>End of Current Month</u>	<u>End of Prior Month</u>	<u>As of Petition Filing</u>
2. Asset and Liability Structure			
a. Current Assets	\$36,343	\$37,146	
b. Total Assets	\$15,036,342	\$15,037,139	\$14,999,999
c. Current Liabilities	\$254,895	\$141,362	
d. Total Liabilities	\$17,550,540	\$17,437,007	\$17,295,645
			Cumulative
			(Case to Date)
3. Statement of Cash Receipts & Disbursements for Month	<u>Current Month</u>	<u>Prior Month</u>	
a. Total Receipts	\$560	\$965	\$1,545
b. Total Disbursements	\$1,634	\$688	\$2,654
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	(\$1,074)	\$277	(\$1,109)
d. Cash Balance Beginning of Month	\$267	(\$1,054)	(\$787)
e. Cash Balance End of Month (c + d)	(\$807)	(\$777)	(\$1,896)
			Cumulative
			(Case to Date)
4. Profit/(Loss) from the Statement of Operations	N/A	N/A	N/A
5. Account Receivables (Pre and Post Petition)	\$0	\$0	
6. Post-Petition Liabilities	\$254,895	\$141,362	
7. Past Due Post-Petition Account Payables (over 30 days)	\$182,284	\$91,142	

At the end of this reporting month:

	<u>Yes</u>	<u>No</u>
8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee)		X
9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)		X
10. If the answer is yes to 8 or 9, were all such payments approved by the court?		X
11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)		X
12. Is the estate insured for replacement cost of assets and for general liability?	X	
13. Are a plan and disclosure statement on file?	X	
14. Was there any post-petition borrowing during this reporting period?	X	
15. Check if paid: Post-petition taxes <u> </u> ; U.S. Trustee Quarterly Fees <u> </u> ; Check if filing is current for: Post-petition tax reporting and tax returns: <u> </u> . (Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)		

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: July 20, 2020

/s/ Melvin Vaughn
Melvin Vaughn, Responsible Individual

BALANCE SHEET
(Small Real Estate/Individual Case)
For the Month Ended 06/30/20

Assets	Check if Exemption Claimed on Schedule C	Market Value
Current Assets		
1 Cash and cash equivalents (including bank accts., CDs, etc.)		(\$806)
2 Accounts receivable (net)		\$0
3 Retainer(s) paid to professionals		\$37,149 *
4 Other: _____		\$0
5 _____		
6 Total Current Assets		\$36,343
Long Term Assets (Market Value)		
7 Real Property (residential)		\$14,999,999
8 Real property (rental or commercial)		\$0
9 Furniture, Fixtures, and Equipment		\$0
10 Vehicles		\$0
11 Partnership interests		\$0
12 Interest in corporations		\$0
13 Stocks and bonds		\$0
14 Interests in IRA, Keogh, other retirement plans		\$0
15 Other: _____		\$0
16 _____		
17 Total Long Term Assets		\$14,999,999
18 Total Assets		\$15,036,342
Liabilities		
Post-Petition Liabilities		
Current Liabilities		
19 Post-petition not delinquent (under 30 days)		\$0
20 Post-petition delinquent other than taxes (over 30 days)		\$182,284
21 Post-petition delinquent taxes		\$0
22 Accrued professional fees (estimated)		\$72,051
23 Other: _____		
24 Unsecured Post-Petition Borrowing Responsible Individual		\$560
25 Total Current Liabilities		\$254,895
26 Long-Term Post Petition Debt		
27 Total Post-Petition Liabilities		\$254,895
Pre-Petition Liabilities (allowed amount)		
28 Secured claims (residence)		\$12,113,909
29 Secured claims (other)		\$161,475
30 Priority unsecured claims		\$0
31 General unsecured claims		\$5,020,262
32 Total Pre-Petition Liabilities		\$17,295,645
33 Total Liabilities		\$17,550,540
Equity (Deficit)		
34 Total Equity (Deficit)		(\$2,514,199)
35 Total Liabilities and Equity (Deficit)		\$15,036,342

NOTE:

SCHEDULES TO THE BALANCE SHEET

Schedule A Rental Income Information

List the Rental Information Requested Below By Properties (For Rental Properties Only)

	<u>Property 1</u>	<u>Property 2</u>	<u>Property 3</u>
1 Description of Property	0	0	0
2 Scheduled Gross Rents			
Less:			
3 Vacancy Factor			
4 Free Rent Incentives			
5 Other Adjustments			
6 Total Deductions	\$0	\$0	\$0
7 Scheduled Net Rents	\$0	\$0	\$0
8 Less: Rents Receivable (2)			
9 Scheduled Net Rents Collected (2)	\$0	\$0	\$0

(2) To be completed by cash basis reporters only.

Schedule B Recapitulation of Funds Held at End of Month

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>
10 Bank	Chase		
11 Account No.	1180		
12 Account Purpose	Checking		
13 Balance, End of Month	(\$806)		
14 Total Funds on Hand for all Accounts	(\$806)		

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 06/30/20

		Actual Current Month	Cumulative (Case to Date)
Cash Receipts			
1	Rent/Leases Collected	\$0	\$0
2	Cash Received from Sales	\$0	\$0
3	Interest Received	\$0	\$0
4	Borrowings - Pre-petition	\$0	\$0
5	Funds from Shareholders, Partners, or Other Insiders	\$0	\$945
6	Capital Contributions	\$0	\$0
7	Post-Petition borrowing Responsible Individual	\$560	\$600
8			
9			
10			
11			
12	Total Cash Receipts	\$560	\$1,545
Cash Disbursements			
13	Selling	\$0	\$0
14	Administrative	\$0	\$0
15	Insurance	\$623	\$623
16	Repairs and Maintenance	\$7	\$7
17	Interest Paid	\$0	\$0
	Rent/Lease:		
18	Personal Property	\$0	\$0
19	Real Property	\$0	\$0
	Amount Paid to Owner(s)/Officer(s)		
20	Salaries	\$0	\$0
21	Draws	\$0	\$0
22	Commissions/Royalties	\$0	\$0
23	Expense Reimbursements	\$0	\$0
24	Other	\$0	\$0
25	Housekeeper	\$650	\$650
26	Transportation	\$75	\$75
	Taxes:		
27	Employee Withholding	\$0	\$0
28	Employer Payroll Taxes	\$0	\$0
29	Real Property Taxes	\$0	\$0
30	Other Taxes	\$0	\$0
31	Other Cash Outflows:		
32	Secretary of State	\$0	\$20
33	Utilities	\$162	\$162
34	Transfer to Checking 9892 in error	\$0	\$725
35	Transfer to Checking 7223 in error	\$0	\$220
36	Bank charges	\$117	\$172
37	Total Cash Disbursements:	\$1,634	\$2,654
38	Net Increase (Decrease) in Cash	(\$1,074)	(\$1,109)
39	Cash Balance, Beginning of Period	\$267	(\$787)
40	Cash Balance, End of Period	(\$807)	(\$1,896)

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA**

In re: MORA HOUSE , LLC

Case No. 20-50631-SLJ

**CHAPTER 11
MONTHLY OPERATING REPORT
(SMALL REAL ESTATE/INDIVIDUAL CASE)**

SUMMARY OF FINANCIAL STATUS

MONTH ENDED: 06/30/20

PETITION DATE: 04/14/20

1. Debtor in possession (or trustee) hereby submits this Monthly Operating Report on the Accrual Basis of accounting (or if checked here the Office of the U.S. Trustee or the Court has approved the Cash Basis of Accounting for the Debtor).

Dollars reported in \$1

	End of Current Month	End of Prior Month	As of Petition Filing
2. Asset and Liability Structure			
a. Current Assets	\$19,006	\$19,006	
b. Total Assets	\$4,019,006	\$4,019,006	\$4,000,000
c. Current Liabilities	\$19,781	\$15,000	
d. Total Liabilities	\$13,056,602	\$13,044,321	\$13,036,820
			Cumulative (Case to Date)
3. Statement of Cash Receipts & Disbursements for Month	Current Month	Prior Month	
a. Total Receipts	\$40	\$0	\$40
b. Total Disbursements	\$22	\$0	\$32
c. Excess (Deficiency) of Receipts Over Disbursements (a - b)	\$18	\$0	\$8
d. Cash Balance Beginning of Month	(\$10)	\$0	(\$10)
e. Cash Balance End of Month (c + d)	\$8	\$0	(\$2)
	Current Month	Prior Month	Cumulative (Case to Date)
4. Profit/(Loss) from the Statement of Operations	N/A	N/A	N/A
5. Account Receivables (Pre and Post Petition)	\$0	\$0	
6. Post-Petition Liabilities	\$19,781	\$7,500	
7. Past Due Post-Petition Account Payables (over 30 days)	\$0	\$0	

At the end of this reporting month:

	Yes	No
8. Have any payments been made on pre-petition debt, other than payments in the normal course to secured creditors or lessors? (if yes, attach listing including date of payment, amount of payment and name of payee)		X
9. Have any payments been made to professionals? (if yes, attach listing including date of payment, amount of payment and name of payee)		X
10. If the answer is yes to 8 or 9, were all such payments approved by the court?		
11. Have any payments been made to officers, insiders, shareholders, relatives? (if yes, attach listing including date of payment, amount and reason for payment, and name of payee)		X
12. Is the estate insured for replacement cost of assets and for general liability?	X	
13. Are a plan and disclosure statement on file?	X	
14. Was there any post-petition borrowing during this reporting period?	X	
15. Check if paid: Post-petition taxes <input type="checkbox"/> ; U.S. Trustee Quarterly Fees <input type="checkbox"/> ; Check if filing is current for: Post-petition tax reporting and tax returns: <input type="checkbox"/> . (Attach explanation, if post-petition taxes or U.S. Trustee Quarterly Fees are not paid current or if post-petition tax reporting and tax return filings are not current.)		

I declare under penalty of perjury I have reviewed the above summary and attached financial statements, and after making reasonable inquiry believe these documents are correct.

Date: July 20, 2020

/s/ Melvin Vaughn
Melvin Vaughn, Responsible Individual

BALANCE SHEET
(Small Real Estate/Individual Case)
For the Month Ended 06/30/20

Assets		Check if Exemption Claimed on Schedule C	Market Value
Current Assets			
1	Cash and cash equivalents (including bank accts., CDs, etc.)		\$8
2	Accounts receivable (net)		\$0
3	Retainer(s) paid to professionals		\$19,016
4	Other: _____		
5	_____		
6	Total Current Assets		\$19,006
Long Term Assets (Market Value)			
7	Real Property (residential)		\$0
8	Real property (rental or commercial)		\$4,000,000
9	Furniture, Fixtures, and Equipment		\$0
10	Vehicles		\$0
11	Partnership interests		\$0
12	Interest in corporations		\$0
13	Stocks and bonds		\$0
14	Interests in IRA, Keogh, other retirement plans		\$0
15	Other: _____		\$0
16	_____		
17	Total Long Term Assets		\$4,000,000
18	Total Assets		\$4,019,006
Liabilities			
Post-Petition Liabilities			
Current Liabilities			
19	Post-petition not delinquent (under 30 days)		\$0
20	Post-petition delinquent other than taxes (over 30 days)		\$0
21	Post-petition delinquent taxes		\$0
22	Accrued professional fees		\$19,741
23	Other: _____		\$0
24	Unsecured Post-Petition Borrowing Responsible Individual		\$40
25	Total Current Liabilities		\$19,781
26	Long-Term Post Petition Debt		
27	Total Post-Petition Liabilities		\$19,781
Pre-Petition Liabilities (allowed amount)			
28	Secured claims (residence)		\$0
29	Secured claims (other)		\$13,011,821
30	Priority unsecured claims		\$0
31	General unsecured claims		\$25,000
32	Total Pre-Petition Liabilities		\$13,036,821
33	Total Liabilities		\$13,056,602
Equity (Deficit)			
34	Total Equity (Deficit)		(\$9,114,730)
35	Total Liabilities and Equity (Deficit)		\$3,941,872

NOTE:

* Binder & Malter, LLP received an initial retainer from the Managing Member, Melvin Vaughn who obtained the funds from a personal loan from a friend prior to the filing of the within petition. The funds were deposited into an account held by FRE 355 Investment Group, LLC, also a Debtor-In-Possession, Case No. 20-50328-SLJ, because this Debtor does not have a bank account.

SCHEDULES TO THE BALANCE SHEET

Schedule A Rental Income Information

List the Rental Information Requested Below By Properties (For Rental Properties Only)

	<u>Property 1</u>	<u>Property 2</u>	<u>Property 3</u>
1 Description of Property	0		
2 Scheduled Gross Rents			
Less:			
3 Vacancy Factor			
4 Free Rent Incentives			
5 Other Adjustments			
6 Total Deductions	\$0	\$0	\$0
7 Scheduled Net Rents	\$0	\$0	\$0
8 Less: Rents Receivable (2)			
9 Scheduled Net Rents Collected (2)	\$0	\$0	\$0

(2) To be completed by cash basis reporters only.

Schedule B Recapitulation of Funds Held at End of Month

	<u>Account 1</u>	<u>Account 2</u>	<u>Account 3</u>
10 Bank	Chase		
	account opened in May 2020		
11 Account No.			
12 Account Purpose	Checking		
13 Balance, End of Month	\$8		
14 Total Funds on Hand for all Accounts	\$8		

Attach copies of the month end bank statement(s), reconciliation(s), and the check register(s) to the Monthly Operating Report.

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Increase/(Decrease) in Cash and Cash Equivalents

For the Month Ended 06/30/20

		Actual Current Month	Cumulative (Case to Date)
Cash Receipts			
1	Rent/Leases Collected	\$0	\$0
2	Cash Received from Sales	\$0	\$0
3	Interest Received	\$0	\$0
4	Borrowings	\$0	\$0
5	Funds from Shareholders, Partners, or Other Insiders	\$0	\$0
6	Capital Contributions	\$0	\$0
7	Unsecured Post-Petition Borrowing Responsible Individual	\$40	\$40
8			
9			
10			
11			
12	Total Cash Receipts	\$40	\$40
Cash Disbursements			
13	Selling	\$0	
14	Administrative	\$0	
15	Capital Expenditures	\$0	
16	Principal Payments on Debt	\$0	
17	Interest Paid	\$0	
	Rent/Lease:		
18	Personal Property	\$0	
19	Real Property	\$0	
	Amount Paid to Owner(s)/Officer(s)		
20	Salaries	\$0	
21	Draws	\$0	
22	Commissions/Royalties	\$0	
23	Expense Reimbursements	\$0	
24	Other	\$0	
25	Salaries/Commissions (less employee withholding)	\$0	
26	Management Fees	\$0	
	Taxes:		
27	Employee Withholding	\$0	
28	Employer Payroll Taxes	\$0	
29	Real Property Taxes	\$0	
30	Other Taxes	\$0	
31	Other Cash Outflows:	\$0	
32	Bank charges	\$0	\$10
33	Feed Cleaning Crews	\$22	\$22
34			
35			
36			
37	Total Cash Disbursements:	\$22	\$32
38	Net Increase (Decrease) in Cash	\$18	\$8
39	Cash Balance, Beginning of Period	(\$10)	(\$10)
40	Cash Balance, End of Period	\$8	(\$2)

EXHIBIT 5

Fill in this information to identify the case:

Debtor 1 Mora House, LLC

Debtor 2
(Spouse, if filing) _____

United States Bankruptcy Court for the: Northern District of California

Case number 20-50631-SLJ

Official Form 410**Proof of Claim**

04/19

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. **Do not send original documents;** they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

Part 1: Identify the Claim

1. Who is the current creditor?	<u>The Richard and Esther Blanchard 1990 Trust</u> Name of the current creditor (the person or entity to be paid for this claim)	
	Other names the creditor used with the debtor <u>Richard Blanchard</u>	
2. Has this claim been acquired from someone else?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. From whom? _____	
3. Where should notices and payments to the creditor be sent? Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)	Where should notices to the creditor be sent? <u>The Richard and Esther Blanchard 1990 Trust</u> Name <u>PO Box 3455</u> Number Street <u>Los Altos</u> <u>CA</u> <u>94024</u> City State ZIP Code Contact phone <u>(650) 948-3073</u> Contact email <u>r.blanchard.1946@ieee.org</u> Uniform claim identifier for electronic payments in chapter 13 (if you use one): _____	Where should payments to the creditor be sent? (if different) Name _____ Number Street _____ City State ZIP Code _____ Contact phone _____ Contact email _____
4. Does this claim amend one already filed?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Claim number on court claims registry (if known) _____ Filed on _____ MM / DD / YYYY	
5. Do you know if anyone else has filed a proof of claim for this claim?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Who made the earlier filing? _____	

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: _____
7. How much is the claim?	\$ <u>2,441,803.28</u> . Does this amount include interest or other charges? (As of June 30, 2020 plus \$273.22 per day thereafter. See Attachment 1) <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).
8. What is the basis of the claim?	Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card. Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c). Limit disclosing information that is entitled to privacy, such as health care information. <u>Secured loan; real property see Attachment 2 (Promissory Note)</u> <u>and Attachment 3 (Deed of Trust)</u>
9. Is all or part of the claim secured?	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. The claim is secured by a lien on property. Nature of property: <input checked="" type="checkbox"/> Real estate. If the claim is secured by the debtor's principal residence, file a <i>Mortgage Proof of Claim Attachment</i> (Official Form 410-A) with this <i>Proof of Claim</i> . <input type="checkbox"/> Motor vehicle <input type="checkbox"/> Other. Describe: _____ Basis for perfection: <u>See Attachment 3: Deed of Trust</u> Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.) Value of property: \$ <u>4,000,000.00</u> Amount of the claim that is secured: \$ <u>2,441,803.28</u> (As of June 30, 2020 plus \$273.22 per day thereafter, plus costs. Amount of the claim that is unsecured: \$ <u>0.00</u> (The sum of the secured and unsecured amounts should match the amount in line 7.) Amount necessary to cure any default as of the date of the petition: \$ <u>2,420,765.03</u> Annual Interest Rate (when case was filed) <u>5.00</u> % <u>See Attachment 1: Calculation of Outstanding Balance</u> <input checked="" type="checkbox"/> Fixed <input type="checkbox"/> Variable
10. Is this claim based on a lease?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Amount necessary to cure any default as of the date of the petition. \$ _____
11. Is this claim subject to a right of setoff?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Identify the property: _____

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?

☒ No

☐ Yes. Check one:

☐ Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).

☐ Up to \$3,025* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).

☐ Wages, salaries, or commissions (up to \$13,650*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).

☐ Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).

☐ Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).

☐ Other. Specify subsection of 11 U.S.C. § 507(a)() that applies.

Amount entitled to priority

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

* Amounts are subject to adjustment on 4/01/22 and every 3 years after that for cases begun on or after the date of adjustment.

Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

☒ I am the creditor.

☐ I am the creditor's attorney or authorized agent.

☐ I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.

☐ I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date 07/06/2020
MM / DD / YYYY

/s/ Richard Blanchard

Signature

Print the name of the person who is completing and signing this claim:

Name Richard Blanchard for The Richard and Esther Blanchard 1990 Trust
First name Middle name Last name

Title Trustee

Company _____
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address PO Box 3455
Number Street
Los Altos CA 94024
City State ZIP Code

Contact phone (650) 948-3073 Email r.blanchard.1946@ieee.org

EXHIBIT 6

Fill in this information to identify the case:

Debtor 1 FREE 355 Investment Group, LLC

Debtor 2
(Spouse, if filing) _____

United States Bankruptcy Court for the: Northern District of California

Case number 20-50628

Official Form 410**Proof of Claim**

12/15

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. **Do not send original documents;** they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

Part 1: Identify the Claim

1. Who is the current creditor?	<u>County of Santa Clara Department of Tax & Collections</u> Name of the current creditor (the person or entity to be paid for this claim) Other names the creditor used with the debtor _____		
2. Has this claim been acquired from someone else?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. From whom? _____		
3. Where should notices and payments to the creditor be sent? Federal Rule of Bankruptcy Procedure (FRBP) 2002(g)	Where should notices to the creditor be sent? <u>Cnty. of Santa Clara Dept. of Tax & Collections</u> Name <u>852 N. First St.</u> Number Street <u>San Jose</u> <u>CA</u> <u>95112</u> City State ZIP Code Contact phone <u>(408) 808 - 7962</u> Contact email <u>Keesha.Arnst@fin.sccgov.org</u> Uniform claim identifier for electronic payments in chapter 13 (if you use one): _____	Where should payments to the creditor be sent? (if different) Name _____ Number Street _____ City State ZIP Code _____ Contact phone _____ Contact email _____	
4. Does this claim amend one already filed?	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Claim number on court claims registry (if known) <u>1</u> Filed on <u>05/11/2020</u> MM / DD / YYYY		
5. Do you know if anyone else has filed a proof of claim for this claim?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Who made the earlier filing? _____		

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: _____
7. How much is the claim?	\$ <u>255,298.22</u> Does this amount include interest or other charges? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).
8. What is the basis of the claim?	Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card. Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c). Limit disclosing information that is entitled to privacy, such as health care information. <u>Real Estate Property Tax</u>
9. Is all or part of the claim secured?	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. The claim is secured by a lien on property. Nature of property: <input checked="" type="checkbox"/> Real estate. If the claim is secured by the debtor's principal residence, file a <i>Mortgage Proof of Claim Attachment</i> (Official Form 410-A) with this <i>Proof of Claim</i> . <input type="checkbox"/> Motor vehicle <input type="checkbox"/> Other. Describe: _____ Basis for perfection: _____ Attach redacted copies of documents, if any, that show evidence of perfection of a security interest (for example, a mortgage, lien, certificate of title, financing statement, or other document that shows the lien has been filed or recorded.) Value of property: \$ _____ Amount of the claim that is secured: \$ <u>255,298.22</u> Amount of the claim that is unsecured: \$ _____ (The sum of the secured and unsecured amounts should match the amount in line 7.) Amount necessary to cure any default as of the date of the petition: \$ <u>255,298.22</u> Annual Interest Rate (when case was filed) <u>18.00</u> % <input checked="" type="checkbox"/> Fixed <input type="checkbox"/> Variable
10. Is this claim based on a lease?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Amount necessary to cure any default as of the date of the petition. \$ _____
11. Is this claim subject to a right of setoff?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Identify the property: _____

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?

☒ No

☐ Yes. Check one:

☐ Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).

☐ Up to \$2,775* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use. 11 U.S.C. § 507(a)(7).

☐ Wages, salaries, or commissions (up to \$12,475*) earned within 180 days before the bankruptcy petition is filed or the debtor's business ends, whichever is earlier. 11 U.S.C. § 507(a)(4).

☐ Taxes or penalties owed to governmental units. 11 U.S.C. § 507(a)(8).

☐ Contributions to an employee benefit plan. 11 U.S.C. § 507(a)(5).

☐ Other. Specify subsection of 11 U.S.C. § 507(a)() that applies.

Amount entitled to priority

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

* Amounts are subject to adjustment on 4/01/16 and every 3 years after that for cases begun on or after the date of adjustment.

Part 3: Sign Below

The person completing this proof of claim must sign and date it. FRBP 9011(b).

If you file this claim electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what a signature is.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Check the appropriate box:

☐ I am the creditor.

☒ I am the creditor's attorney or authorized agent.

☐ I am the trustee, or the debtor, or their authorized agent. Bankruptcy Rule 3004.

☐ I am a guarantor, surety, endorser, or other codebtor. Bankruptcy Rule 3005.

I understand that an authorized signature on this *Proof of Claim* serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

I have examined the information in this *Proof of Claim* and have a reasonable belief that the information is true and correct.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on date 05/12/2020
MM / DD / YYYY

Pablo Gauna
Signature

Print the name of the person who is completing and signing this claim:

Name Pablo Gauna
First name Middle name Last name

Title Supervising Account Clerk

Company County of Santa Clara
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address 852 N. First St.
Number Street

San Jose CA 95112
City State ZIP Code

Contact phone (408) 808 - 7962 Email Keesha.Arnst@fin.sccgov.org

EXHIBIT 7

Fill in this information to identify the case:

Debtor 1 Mora House, LLC

Debtor 2
(Spouse, if filing) _____

United States Bankruptcy Court for the: Northern District of California

Case number 20-50631

Official Form 410**Proof of Claim**

12/15

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4. Does this claim amend one already filed?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Claim number on court claims registry (if known) _____ Filed on _____ MM / DD / YYYY		
5. Do you know if anyone else has filed a proof of claim for this claim?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Who made the earlier filing? _____		

Part 2: Give Information About the Claim as of the Date the Case Was Filed

6. Do you have any number you use to identify the debtor?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Last 4 digits of the debtor's account or any number you use to identify the debtor: _____
7. How much is the claim?	\$ <u>116,837.60</u> Does this amount include interest or other charges? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Attach statement itemizing interest, fees, expenses, or other charges required by Bankruptcy Rule 3001(c)(2)(A).
8. What is the basis of the claim?	Examples: Goods sold, money loaned, lease, services performed, personal injury or wrongful death, or credit card. Attach redacted copies of any documents supporting the claim required by Bankruptcy Rule 3001(c). Limit disclosing information that is entitled to privacy, such as health care information. <u>Real Estate Property Tax</u>
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10. Is this claim based on a lease?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Amount necessary to cure any default as of the date of the petition. \$ _____
11. Is this claim subject to a right of setoff?	<input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. Identify the property: _____

12. Is all or part of the claim entitled to priority under 11 U.S.C. § 507(a)?

☒ No

☐ Yes. Check one:

☐ Domestic support obligations (including alimony and child support) under 11 U.S.C. § 507(a)(1)(A) or (a)(1)(B).

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\$ _____

\$ _____

\$ _____

\$ _____

\$ _____

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I declare under penalty of perjury that the foregoing is true and correct.

Executed on date 05/04/2020
MM / DD / YYYY

Pablo Gauna
Signature

Print the name of the person who is completing and signing this claim:

Name Pablo Gauna
First name Middle name Last name

Title Supervising Account Clerk

Company County of Santa Clara
Identify the corporate servicer as the company if the authorized agent is a servicer.

Address 852 N. First St.
Number Street

San Jose CA 95112
City State ZIP Code

Contact phone (408) 808 - 7962 Email Keesha.Arnst@fin.sccgov.org